

STREAMLINING STORAGE AND MARKETING

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Government has invested Rs 45,000 crore for creation of warehousing facilities across the country between 2018 and 2020. Different categories of warehousing are expected to create during the period which generates around 20,000 jobs during these years at different levels of specification and specialization. Two prominent changes that have created a significant growth prospects in warehousing are the implementation of GST in India and creating a unified taxation, and the rapid growth of e-commerce necessitating building of large scale warehousing across various locations. Peripheral locations of tier 1 and tier 2 cities are expected to be the prime beneficiaries of the new wave of growth in warehousing.

The Government is focussing on efficient functioning of agriculture sector both in terms of its productivity and marketing. While productivity, storage and transportation are supply side factors, markets provide an intermediate link between producers and final consumers. Efficient functioning of market provides welfare of producers as well as consumers. Better storage and transportation facilities for agricultural products can add to the productivity of farm resources thus making domestic agricultural sector more competitive in international markets.

The challenges posed by present and future global food supply will continue to push the agro & food sector towards technological innovations and interventions. At the same time, new technological developments in agro-sector also pose new

challenges. Therefore, the focus is mainly on technological developments in agriculture sector, which in turn are assessed within the context of social, economic and political developments around the globe.

An uneven supply of agricultural products or agricultural output is characterised by irregularity due to the annual and multi-annual seasons of biological processes and their subordination to disease and climatic change. Generally, the supplies of agricultural produce are dependent on weather and climate, the time period of biological growth process and the perishable nature of numerous agricultural products. Therefore, the supply of agricultural products is characterised by instability, both quantitative and qualitative. This leads to an absence of spontaneous adjustment of supply to



meet demand for agricultural products. Some studies reveal that less-than-optimal market mechanisms that strongly shape the poor adjustment between supply and demand for agricultural products are failing infrastructure for warehousing and transportation, weakness in the banking system with the absence of credit and insurance markets, non-competitive situations (a limited number of buyers in dominant positions), asymmetries in access to and quality of information, rules and norms applied in a discriminatory fashion, formal and informal taxation leading to higher costs due to lack of transparency in pricing and the factors that govern it. Agriculture is not merely only about agricultural products, but it also involves all the socio-economic processes and organisations that drive it.

Agricultural and horticultural produce are very important parts of human diet. The agricultural and horticultural crops production has been steadily increasing due to advancement in production technology and high yielding varieties development, but improper handling and storage of these commodities results in high losses before reaching to the consumers. Storage and proper transportation is the most important aspect of food supply chain that ensures food security and round-the-year quality food supply of a country. According to World Bank Report, the food grains and perishables which are wasted due to improper storage could be sufficient to feed the one-third of world's poor population. Quantitative as well as qualitative losses occur during storage due to physiological changes, insects, rodents, and micro-organisms. Storage conditions, environmental factors, gas composition, management practices etc. affect the shelf life and quality of agricultural produce to a great extent.

Strengthening Cold Storage/Warehousing

Cold storage technology is an integral part of post-harvest management of many fruits, vegetables and processed products. Cold storage plays a vital role in reducing post-harvest losses of edible commodities by increasing their storability and shelf-life. Timely storage of perishable commodities in required temperature also makes their supply continuous. Realizing the significance of proper and timely storage, a strong growth is being predicted for cold storage. As per a recent report by ASSOCHAM, it is reported that Indian cold-chain industry, which stood at Rs. 102 billion in 2009 is expected to register a compound annual growth rate of 25.8% and it will touch to Rs 640 billion by 2017. At present, 6227 cold stores are available in India with a storage capacity

up to 3000 million tonnes. Present requirement of cold storage capacity for food products (fruits and vegetables) is around 61 million tonnes in India. Lack of cold storage space, is one of the major reasons behind higher post-harvest losses of fruits and vegetables in India which reach up to 25 to 40 % of the total production on an annual basis. Shortage of adequate storage space with associated infrastructure and transportation facilities, gluts are very common at the time of harvest for many edible commodities.

Government has invested Rs 45,000 crore for creation of warehousing facilities across the country between 2018 and 2020. Different categories of warehousing are expected to create during the period which generates around 20,000 jobs during these years at different levels of specification and specialization. Two prominent changes that have created a significant growth prospects in warehousing are the implementation of GST in India and creating a unified taxation, and the rapid growth of e-commerce necessitating building of large scale warehousing across various locations. Peripheral locations of tier 1 and tier 2 cities are expected to be the prime beneficiaries of the new wave of growth in warehousing. Of all the categories, warehousing will be witnessing the highest investment of over Rs 35,000 crore in the next 3 years, mostly in asset creating.

Agricultural Marketing in India

Marketing is as important as production of agricultural crops. So, marketing reforms should be an integral part of any policy for agricultural development. Agricultural Marketing is a process that starts with a decision to produce a saleable farm commodity, and it involves all aspects of market system (functional and institutional), based on technical and economic considerations. It includes pre and post-harvest operations, assembling, grading, storage, transportation and distribution or marketing. Besides the physical and facilitating functions of transferring the goods from producers to consumers, the marketing system also performs the function of discovering the prices at different stages of marketing and transmitting the price signals in the marketing chain.

Agriculture Marketing in India promotes the efficient use of resources in the production and distribution systems. Therefore, agricultural market policies are treated as an integral part of development policies and their functioning has remained an important part of public policy in India.

Government Initiatives for improving Agricultural Marketing

Policy interventions in agricultural markets in India till the mid-1960s was mainly meant to facilitate the smooth functioning of markets and to check on hoarding activities that were considered unfriendly to producers and/or consumers.

Consequently, the country has adopted a package of direct and indirect interventions in agricultural markets and prices. Initially targeted at procuring and distributing wheat and paddy, it has gradually expanded to cover a number of other crops/products and aspects of domestic trade in agriculture. The present policy framework for intervention in agricultural markets and prices can be broadly grouped under three categories— Regulatory measures; Market infrastructure and institutions; and Agricultural price policy.

Regulatory Measures for Development of Agricultural Marketing

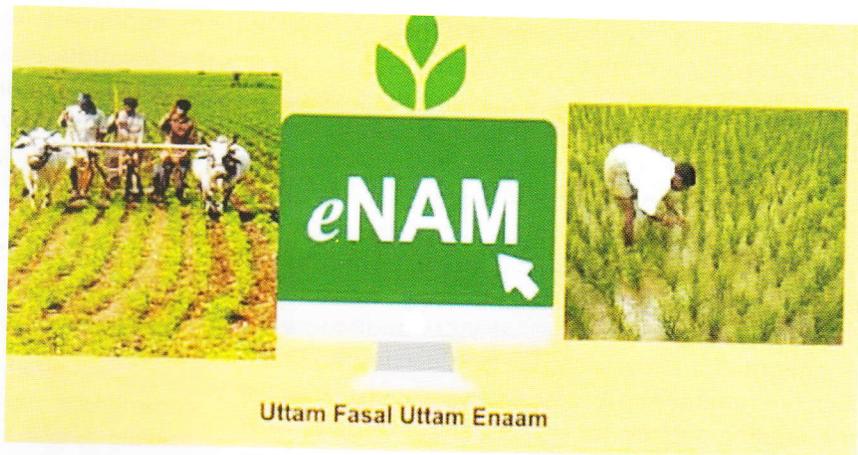
Regulatory measures include development and regulation of wholesale markets in India; and, adoption of legal instruments for regulation of agriculture marketing and trade.

Agriculture Produce Marketing Committee Regulation (APMC) Act

All the wholesale markets for agricultural produce that adopted the Agricultural Produce Market Regulation Act (APMRA) are termed as “regulated markets”. All the states of India have enacted APMC Act except Kerala, J&K and Manipur. The Act is implemented and enforced by APMCs established under it.

The Act mandates that the sale or purchase of agricultural commodities, notified under the Act, is to be carried out in specified market areas, yards or sub-yards. These markets are required to have the proper infrastructure for sale of farmers’ produce. Prices in regulated markets are to be determined by open auction, conducted in a transparent manner in the presence of an official of the market committee.

Market charges for various agencies, such as commissions for commission agents, statutory charges such as market fees and taxes and produce-handling charges, such as for cleaning of produce,



loading and unloading, are clearly defined, and no other deduction can be made from the sale proceeds of farmers. Market charges, costs, and taxes vary across states and commodities.

The Advantages of APMC Act

- Removal of several malpractices and imperfections from agricultural markets.
- Creation of transparent marketing conditions.
- Ensuring a fair price to the farmers to sell their produce.

With improving the market functioning, the Act also created an environment that freed producers/sellers from exploitation by traders and mercantile capital and in turn enhance the income of farmers.

As per the needs of the prevailing situations, the Inter-Ministerial Task Force on Agricultural Marketing Reforms (2002) recommended that the APMC Acts be amended to allow for direct marketing and the establishment of agricultural markets in the private and cooperative sectors. The rationale behind direct marketing is that farmers should have the option to sell their produce directly to agri-business firms, such as processors or bulk buyers, at a lower transaction cost and in the quality/form required by the buyers. On the recommendation of the committee, the government had come up with a Model APMC Act in 2003.

Model APMC Act, 2003

Under the model APMC Act, the private sector and cooperatives can be licensed to set up markets. This act also has provision for contract farming and direct marketing by the private players. Except for few states, all the States and UTs have either fully or partly adopted the model APMC Act. As a result of model act, the proportion of private trade and contract farming had increased manifold in some

part of the country which benefited the both private sector as well as farmers.

E-NAM-An Electronic Portal for Agriculture Marketing

The electronic National Agriculture Market (e-NAM) was launched in April 2016. National Agriculture Market or e-NAM is an electronic trading portal which networks the existing Agricultural Produce Market Committees (APMC) mandis to create a unified national market for agricultural commodities. Small Farmers Agri-business Consortium (SFAC) is the leading agency for implementation of e-NAM under the guidance of Ministry of Agriculture and Farmers' Welfare, Government of India. The main purpose of establishing e-NAM is to promote uniformity in agriculture marketing by streamlining of procedures across the integrated markets, removing information asymmetry between buyers and sellers and promoting real time price discovery based on actual demand and supply.

Integration of APMCs across the country through a common online market platform facilitates pan-India trade in agriculture commodities and provides better price discovery through transparent auction process based on quality of produce along with timely online payment. It also provides access to a nationwide market for the farmer and availability of better quality produce at more reasonable prices to the consumer. At present, 585 regulated mandis in 14 states are linked with the electronic National Agriculture Market (e-NAM), which helps farmers/producers to discover real time price in a transparent manner. There are about 2,700 APMC mandis and 4,000 sub-market yards in India. Government also plans to enable trade among states' agriculture markets to enhance transparency in the sale and purchase of agricultural produce which enhances competition among the trade and leads to better prices for farmers.

Paramparagat Krishi Vikas Yojana (PKVY)

The Paramparagat Krishi Vikas Yojana (PKVY) was launched in April, 2015 as an elaborated component of Soil Health Management (SHM) under the Centrally Sponsored Scheme, National Mission on Sustainable Agriculture (NMSA). PKVY aims at supporting and promoting organic farming through adoption of organic village by cluster approach and PGS (Participatory Guarantee System) certification. The scheme promotes PGS for India (PGS- India), form of organic certification that is built on mutual trust, locally relevant and mandates the involvement

of producers and consumers in the process of certification. This scheme encourages the farmers to adopt eco-friendly concept of cultivation and reduce their dependence on fertilizers and agricultural chemicals. Funding pattern under the scheme is in the ratio of 60:40 by the Central and State Governments respectively. In case of North Eastern and Himalayan States, Central Assistance is provided in the ratio of 90:10 (Centre: State), for Union Territories, the central assistance is 100%.

The scheme envisages the promotion of commercial organic production through certified organic farming which provides more income to the farmers. The cultivated produce under organic farming will be pesticide free and will contribute to improve the consumer's health. It will raise farmer's income and create potential market for traders and also motivate the farmers for natural resource mobilization for input production. For implementation of Paramparagat Krishi Vikas Yojana (PKVY) Groups of farmers would be motivated to take up organic farming. Fifty or more farmers will form a cluster having 50 acre land to take up the organic farming under the scheme. In this way, during three years, 10,000 clusters will be formed covering an area of 5.0 lakh acre under organic farming.

There is no liability on the farmers for expenditure on certification. Every farmer has been provided Rs. 20,000 per acre in three years for seed to harvesting of crops and to transport produce to the market. Organic farming is promoted by using traditional resources and the organic products will be linked with the market. It will increase domestic production and certification of organic produce by involving farmers

The electronic National Agriculture Market initiative has so far linked 585 regulated mandis. Further, a Model PMC Act 2017 has been circulated to all the states for improving marketing system in the agriculture sector. Paramparagat Krishi Vikas Yojana motivates the farmers to take up organic farming. A Model Act for promoting contract farming is also being worked out. The main purpose of implementation of these schemes is to give extensive strategic growth in agriculture sector for doubling the farmers income by 2022.

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