

COVID-19: Managing Agricultural Supply Chain

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Too many intermediaries mostly illiterates, limited e-transaction and lack of quality assessment based transaction have led to too much of physical handling of the commodities in the agricultural supply chain in our country. This is a major problem in dealing with the COVID-19 social distance compliance market transaction. If proper quality assessment is done at the farm/ village/taluk level and packed properly it enables direct buying from semi-wholesales or retailers from distant places cutting a large number of intermediaries, reduce marketing cost, reduce spoilage, reduce quality deterioration, improve proper information flow, offer better prices to farmers and consumers. In such a supply chain it is easy to ensure social distance. Such systems should be attempted now in order to overcome the current impending crisis. Implementation of such systems would have different approaches to storable and perishable commodities.

Storable Commodities

Sales through warehouses: Ideal marketing arrangement for storable commodities is sale through negotiable warehouse receipt (NWR) system coupled with e-NAM. If warehouses registered for NWR are also recognized as market yards, then sales of NWR through e-NAM becomes easy. Farmers have to take their produce to the warehouses, get them assessed for quality and get NWR and if needed get pledge loan and offer to sell them as and when required. By having a registration system for farmers either through an app or through helpline warehouses can advise farmers when to bring their produce to the warehouse to avoid crowding like what some sugar factories practice today. Such quality assessed produce in the warehouses can be purchased by remote buyers and this will reduce the number of intermediaries and need for a physical presence. Therefore popularization of this method can be done on a mission mode approach.

Introducing compulsory quality assessment in the APMC: The second best option is mandatorily introducing quality assessment at APMC in as many commodities as possible, particularly those that are shipped over long distances. Once quality assessment is done the commission agents should compulsorily issue a receipt indicating the values of the quality parameters and the quantity of the lot. This can be entered in e-NAM platform for sale as and when farmers are ready to sell. As in the above case it also facilitates purchase from remote buyers reducing the number of intermediaries. Quality assessment has been a major bottleneck so far and therefore it can start with a few major parameters.

APMCs can also start farmer registration facility to understand timing and quantity of commodities likely to be brought into APMC and offering farmers slots of time which will avoid overcrowding in the APMC and maintain social distance.

Farmer Producer Organization: FPOs and Cooperatives can pool produce from farmers, assess quality, pack them and offer for sale through their own portals to retailers and consumers. Larger FPOs can also reach out distant retailers, e-commerce companies and consumers. Such organizations can also be recognized as APMC market yard for sale of the produce through e-NAM.

Encouraging e-Commerce companies to directly buy the commodities from farmers or farmer organization, and deliver it to consumers/retailer should be an important activity of the government.

Perishables Commodities

Most perishable commodities are consumed in the nearby centers except for fruits. Encouraging farmer organizations and e-commerce companies to manage the whole value chain would be an effective way of dealing with the perishables. Software applications at both farmers and consumer level would enable aggregation of demand and supply which can be matched at the individual level through appropriate soft-wares. E-commerce companies can also get into contract production with the farmers.

A major bottleneck in dealing with e-commerce market in rural India is limited connectivity. At least a good 2G connection is needed in order to facilitate transaction. Broadband connectivity will be needed for e-commerce business. Broadband facilities can be provided in several villages with the current FTTH/DSL connections. But they should be made operational on an urgent basis.

Government may need mobilize volunteers from rural and urban areas as well as college students to educate farmers and laborers to follow social distance and take adequate safety precautions as well as facilitate transaction in the value chain. Graduates and Diploma holders in agriculture and allied sectors could be roped in to help farmers to obtain information about the consumer requirements and also to prepare the produce accordingly. Whatsapp group of farmers can be created who are prepared to supply a range of perishable products and circulate their offer to urban whatsapp groups particularly in Residence welfare groups.

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