

Government should reform agriculture supply chain

Sahyadri Farms, which is a farmer producer company based out of Nashik, Maharashtra, had a humble beginning in 2003 when 10 marginal farmers formed a privately held company to overcome their challenges. Since then, the company grew in size and scale and today, the company supports more than 8000 fruits and vegetable farmers through its agri-inputs division, agro advisory team, a world class pack-house, cold storage facility, value addition infrastructure and farm retail division.

As with any other industry, farm supply chain was also affected by the COVID crisis. In an interview to MVIRDC World Trade Center Mumbai, Mr. Vilas Shinde, Chairman, Sahyadri Farms discusses the impact of the crisis on the company's operation. Mr. Shinde points out that the COVID crisis exposed the fault lines of India's agriculture supply chain and there is a renewed urgency to reform this supply chain in the interest of farmers and consumers.

Excerpts of the interview:

Q1 Your organisation works with more than 8000 farmers in Maharashtra for growing various fruits & vegetables and for post harvest value addition. Can you explain the disruption caused to your business by the nationwide lockdown since March 24?

The volume of fruits and vegetables handled by Sahyadri Farms has declined more than 70% since the nation-wide lockdown, which started on March 25, 2020. Before the lockdown, our organization used to handle 800 metric tonne of fruits and vegetables per day for various purposes. Of these 800 metric tonne, 250 metric tonne was for exports, 400 metric tonne was for domestic processing, while the remaining 150 metric tonne was meant for free sale in the domestic market. After March 25, 2020, our per day volume of fruits and vegetables declined from 800 metric tonne to 120-150 metric tonne.

Major reason for this decline in volume is that the nation-wide lockdown coincided with the peak season of grapes, which is March. On account of the world-wide lockdown during March, global demand for Indian grapes declined and this affected the income of our grape farmers. While during normal period, grape farmers used to get Rs. 70 per kg of exportable variety grape and Rs. 40 per kg of local variety grape. On account of the lockdown and subsequent decline in demand, both globally and domestically, market price of Indian grapes fell sharply. As a result, the price realization for farmers declined to Rs. 20 per kg of exportable variety grape and Rs. 10 per kg of local variety grape. Consequently, our farmers could not get expected price for 6 lakh metric tonne grapes and they had to incur loss to the tune of Rs. 1500 crore.

Similarly, our farmers growing other fruits such as banana, water melon, musk melon, mango, citrus fruits etc. also had to suffer losses during the lockdown period.

During normal period, we employ 4,000 workers, both in our farm operations and in our pack houses for post-harvest processing. As a result of the lockdown, we had to send most of these workers to their homes. Now, we are operating with 200 workers because of restriction on our activity. Under the guidelines of the government, we had to shut down our pack houses, which employ 2,000 workers.

Q2 Government exempted agriculture sector from the lockdown and allowed production and transport of farm inputs. Do you still face challenges in bringing back farm and off-farm operation to the pre-lockdown level?

Yes. The government proactively classified agriculture and related services under the essential list of items and allowed their operations during the lockdown. But we still continue to face shortage of manpower as we sent most of our workers to their hometown during the initial period of lockdown. Now, we are finding it difficult to get back our workers to resume operation on full scale. We expect shortage of manpower to continue for the next few months depending on how the COVID crisis evolves in the days to come.

Q3. Your organisation is also a major exporter of grapes from India. What are the challenges you are facing both in India and abroad in shipping the cargoes?

During the initial phase of lockdown, we suffered from scarcity of containers and drivers for transporting cargoes. Now, this problem has been largely addressed. However, we continue to face weak demand for our fruits and vegetables in the global market. Prices of our products declined 50% from the pre-COVID level in our target markets. On account of poor market condition and weak price realisation, our export activity has been largely affected.

Q4. What are your suggestions to the central and state governments to prevent disruption to the agriculture and food processing sectors in the days to come?

The major lesson we learnt from the COVID crisis is that India should transform its farm supply chain into a more market-oriented and farmer-centric system by abolishing the current system that is dominated by the APMC market. India still has the traditional supply chain model driven by APMCs. During the lockdown period, our farmers could not access market because APMCs were closed and there was no alternative to APMCs. Therefore, we need to break away from the dominance of APMCs and create a next-generation farm supply chain, which connects farmers directly to consumers, food processing companies and food retail chains.

Government of India and the state governments should support farmers, both financially and through legislative reforms in bringing about this much needed transformation in supply chain.

Notifications

Press Information Bureau, Government of India

Prime Minister launches technology platform to empower MSMEs

<https://pib.gov.in/PressReleasePage.aspx?PRID=1628317>

Cabinet approves new definition of MSMEs

<https://pib.gov.in/PressReleasePage.aspx?PRID=1628344>

Update on COVID 19

<https://pib.gov.in/PressReleasePage.aspx?PRID=1628292>

Daily Bulletin on COVID 19

<https://pib.gov.in/PressReleasePage.aspx?PRID=1628374>

DGFT

Amendment in export policy of alcohol-based hand sanitizer

https://dgft.gov.in/sites/default/files/noti%2008%20eng_0.pdf

Extension of validity of MEIS/SEIS scrips

<https://dgft.gov.in/sites/default/files/PN%2008%20English.pdf>

Amendment in Appendix 3B, Table 2 of MEIS

https://dgft.gov.in/sites/default/files/PN%2009%20English_0.pdf

Implementation of MoU between India and Mozambique

<https://dgft.gov.in/sites/default/files/Trade%20Notice%20No13.pdf>