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Short Communication

Value Chain Management of Agricultural Goods: Present Scenario and Future Prospects

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Agriculture is the primary economic sector in many developing countries including India. In Indian economy nearly half of the population [1] is engaged in agriculture explicitly or implicitly. With the increasing prices and inflation, the traditional agricultural methods of food grain production as well as marketing is unable to fetch satisfactory remuneration to the producers. Traditional agricultural foods have fulfilled the needs of the Indian consumers for decades now. With the changing preferences of the customers and with the globalization across the country, the traditional role of food grains got converted into commercial role. All the stakeholders right from the farm gate to consumer plate that includes farmers, retailers, processing companies in the value chain are now in a transition to value addition. Increasing demand for ready to eat, ready to serve, processed foods, quick fix foods have changed the dimension of Indian agriculture and the way the food grains have been produced in the past. Consumers are now more aware about the quality, safety and nutritive content of the products they are purchasing. The food supply chain has also molded itself according to the needs of the consumers to retain themselves in the market. Agriculture value chain has not only provided quality food options to the consumers but has also helped the producers with less resources to diversify and expand their production to reap more benefit. This article will discuss about the different types of value chains present in agriculture, their role in increasing productivity and income and benefits.

There are several sub sectors which are engaged in adding value to the agricultural goods. These can be,

a) Value chains of food grains,
b) Value chains of commercial crops,
c) Value chains of fruits, vegetables and flowers,
d) Value chains of livestock products,
e) Value chains of fisheries.

Value chains of food grains

Rice - Paddy farmers can be segmented into two types, namely large land holding and small land holding ones. Both kind of farmers produce both organic product and inorganic ones. Organic produce are the ones which uses organic material like green manures, leaf debris etc. whereas inorganic product is the one that uses chemicals, pesticides etc. Paddy farmers transfer their produce to the processing companies. Organic produce is more in the demand because its productivity is higher, and cost accrued by selling this, gains a lot more than inorganic product. Supply chain process is not same for the cases. For small land holding farmers, the selling place is Mundi. Mundi is a town area where small farmers of nearby villages sell their yields from farms and processing units purchase the grains indirectly through the middlemen. For large land holding farmers, they directly sell their produce to processing companies. It reduces middlemen cost, increases the revenue. Processing units clean the paddy, de-husk them, polish them and then they send polished grains to the distributors.

Value chains of commercial crops

Commercial crops provide 2-4 times higher incomes than the food grains. It provides an alternative for the diversification. Value chains of commercial crops are simplest. The input companies'/ government agencies provide seeds, fertilizers, pesticides, electricity, water and crop insurance. Farmers produce crops and give to the traders, middlemen and government purchase centers who in turn send it to the agro companies. Finally, it goes to the retailers and to the consumers.

Value chains of fruits, vegetables and flowers

Fruits and vegetables constitute a major part of consumer diet. Their value chains start from the primary producers which transfer their produce to manufacturers and processors. Processors mainly increase the shelf life of these perishable goods and then transfer it to the wholesalers and agents. Wholesalers divides them into two parts. Firstly, it goes to the hospitality or catering business and secondly it goes to the retailers. From retailers it goes to the consumers.

Value chains of livestock products

Milk- Dairying is an important subsidiary occupation in rural area after main occupation of agriculture. Input material for dairying is fodder, animal feed and labor. There are three kinds of farmers namely small, medium and large farmers. They collect milk and send it to the milk collection centers. Milk collection centers are organized sectors which are again divided into co-operative society and contractor of private diaries. From milk collection centers, milk is sent to the chilling and bulk cooling centers. After cooling, transportation of chilled milk is done to the processing and packaging centers. Packaged milk and products are then transported to the distribution centers and ultimately to the consumers.

Value chains of fisheries

Fishermen catch fishes in bulk and bring it to the shore and from here it is divided into two places. They either directly sell to the fish retailers or to the brokers. Brokers bring the fishes to the commission agents and from their it is transported to wholesalers and then to the processors. They may preserve it for the export or can move it to the retailers [2-5].

Issues related to value chain management in India

a) Transmission of Price Signals are weak leading to over and under production by farmers.

b) Limited reach of farmers to Mandis. Farmers mostly sell their products to the open markets.

c) Too many middlemen in the supply chain leading to artificial price rise. Farmers many a times get little amount of their produce.

d) Market information many a times does not provide relevant help.

e) Lack of storage facilities like cold chains and warehouses which increases post-harvest losses.

f) Weak ICT to transmit right price signals to the producers.

Future prospects of agro value chains management in India:

a) Value chain management can provide significant scope for achieving greater commercialization of smallholder agriculture.

b) It can also provide value towards the export sector; however, this would be small.

c) A structural shift in consumption pattern can be seen from cereals to high value agricultural commodities, both in rural area and urban areas.

d) Due to shift in demand pattern farmers are enough motivated to grow high valued crop.

e) For future development of high valued agriculture crop, focus should be on investment in technology development, dissemination, basic infrastructure and improvement of technical capacity of producers and other stakeholders in the value chain.

Conclusion

Management of agriculture value chains can be done gradually and systematically. We should design efficient Agri-food supply chain network. Keeping quality control mechanism in place, managing warehouses, designing cold storage infrastructure, selecting marketing agents and enhanced packaging and grading techniques are some of the areas where a special focus is required. This will not only add value to the agriculture commodity but also a commercialization of agriculture will be at a faster rate fetching fair prices to the farmer producers.

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