

Agri Business

Efficient Warehousing: The Cornerstone of India's food security

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Efficient warehousing can be defined as the integration of storage space with modern technology that enables prolonged harvest preservation. | Photo Credit: SAMPATHKUMARGP

The idea of logistic parks and unified logistics interface platform announced in Budget 2022 needs execution beyond policy making

In July 2021, the State of Food Security and Nutrition in the World (SOFI) report revealed that food insecurity in India increased by 6.8 percentage points during 2018-2020. Though the mentioned period was one when the Covid-19 pandemic was spreading across the country and a national lockdown had been announced, India's population has been facing food insecurity for decades now. The same report reveals that over six crore people became prey to food insecurity during 2014-2019.

The primary solution for this issue seems to be an increase in crop production. However, it is

imperative to realise that improved harvest quantity will remain insignificant unless there is a mitigation strategy to reduce post-harvest losses across the country. In this direction, one of the most pragmatic and effective solutions is efficient warehousing.

Understanding the need

During healthy harvests, the smallholder farmers, who comprise nearly 70 per cent of India's agricultural strength, employ traditional home storage methods. Traditional storage is not immune to natural hurdles such as moisture, temperature, rodents, etc, and ultimately, agricultural produce can only last for a short span of time. Consequently, the farmer has to compromise and sell his produce at low prices, settle for meagre profits and continue farming with insufficient money to buy better seeds, fertilizers, and equipment.

In layman's terms, efficient warehousing can be defined as the integration of storage space with modern technology that enables prolonged harvest preservation. Various private organizations have established warehouses and cold storage across the country with dedicated management systems. Built-in artificial intelligence and machine learning, these systems enable moisture moderation, which plays a key role in the preservation of spices, dry fruits, fruits, and vegetables. The extended availability combined with features such as pre-defined SOPs, 24x7 monitoring, real-time inventory update through mobile apps, and safety systems creates a digitally unified ecosystem aimed at improving national food security. While these are the consumer benefits, efficient warehousing is beneficial for farmers as well.

The Farmer Benefit Triangle

Firstly, warehouse receipts have revolutionized financing for small-scale farmers. Functioning under the ambit of Commodity Based Financing (CBF), various RBI-regulated Banks and NBFCs have simplified the loan process through new collateral avenues. Instead of land or machinery, farmers can store their produce in dedicated warehouses and receive storage receipts against them, which can be used by Banks/NBFCs to provide immediate financial assistance.

Secondly, warehouse storage empowers farmers to hold their produce. The improved and scientifically managed warehousing spaces provided by private Warehouse Service Providers (WSP) coupled with electronic platforms for sale and purchase enables the warehouse depositors to realize better prices for their produce. This directly translates into improved farmer income and hence, food security. Furthermore, it is as a replacement for home storage techniques, which will result in minimizing post-harvest losses.

Lastly, warehousing generates employment. Albeit the aim is maximum automation, the system needs manpower to constantly monitor the management systems, implement an efficient network for commodity transportation, and maintain on-ground support for awareness. For each mentioned branch, local village community members could be the ideal candidates, and the resultant financial empowerment will enhance food security.

The idea of Logistic Parks and Unified Logistics Interface Platform announced in Budget 2022 need proper execution for efficient warehousing logistics. Both announcements are a step in the right direction, but the onus is on the combination of government and private players to ensure that policy making yields ground results. Undoubtedly, efficient warehousing is a bipartite solution that improves food security and simultaneously, enables agricultural growth for small-scale farmers.



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