

Need of the Hour – Strengthening the Indian Agro Marketing & Distribution Network

With the Agriculture GDP increasing at the rate of 3% annually from past three decades, today India is the third largest agriculture producer behind China and United states. However Indian agriculture is yet to blossom to its fullest in terms of yield, processing and export. India still has a large population which does not have enough food as per the estimates of food and agriculture organization of the United Nations prevalence of undernourishment is 18%.

The real issue is the agro marketing and distribution system. The agriculture supply chains in recent times have become sort of industrial organizations where products, payments, ownership rights, technology and information is constantly being passed between the participants at various levels. Thus marketing and distribution networks have to be focused and agile to adapt to the changing needs of the consumer.

Supported by growing income levels and increasing awareness about healthy living food consumption pattern in India are changing. The change has most prominently surfaced in the urban areas where people are buying more of processed food, packaged food and high value commodities like fruits, vegetables. To cater to this new demand pattern new form of retail has emerged but has only been marginally successful. In fact to harness inclusive growth from this new opportunity the entire agro supply chains need to transform.

Given the fact that 90% of the agriculture produce is still following the traditional route to reach out to the Indian consumer ONICRA believes that instead of creating a new system inclined toward private players, transforming the traditional whole sale markets (Traditional Mandis – APMC's) is the way forward. This can be achieved by upgrading the whole sale markets (Traditional Mandi's/ APMC's) in terms of farm gate infrastructure, process orientation and governance, so that they can be used as platforms for introducing new initiatives. Subsequently strengthening the distribution efforts by creating region specific avenues for value added activities and prompt delivery. Finally focus on marketing efforts with special initiative to formalize the information flow between the farmers and consumers. This we hope will create a system where the customer gets the best product and farmer the best price.

