

NEED OF THE HOUR – FOSTERING INNOVATION IN AGRICULTURE SUPPLY CHAIN BY REDUCING INFORMATION ASYMMETRY

The efficiency of marketing and supply chain functions in any industry remain key determinants governing its success. Their importance in the field of agriculture, though often understated, is increasingly being understood by all concerned stakeholders involved in the agri-business. The absence of an effective information system in agricultural supply chain has often resulted in a Supply-demand mismatch for commodities, a scenario which in turn leads to issues like high food price inflation. Recent public outcries over spiraling onion prices reflect poorly on supply chain planning and logistical provisions in the country, rather than the nation's production capacity of the food crop.

The lack of reliable supply side information acts as a major road block for innovation and evolution of new business models in the agriculture supply chain especially in the processed foods segment. It becomes a major deterrent to small and mid scale businesses and entrepreneurs who can bring a fresh approach to the industry but are largely constrained by their inability to connect directly with the farmers, which can help them achieve cost efficiency and competitiveness by shortening the supply chain. Although there are some precedents in this area (such as the E-Choupal scheme started by ITC), the general failure of Public Private Partnership (PPP) models in agricultural retail and food processing emphasizes the concerns of private entrepreneurs in entering the agri-business domain.

Onicra believes that an information platform can be created which can remove such asymmetry and which provides systemic reports on production of various food crops in the current and preceding periods as well as expected production in the forthcoming production cycles. This can be achieved through creation of a more in depth and interactive network which incorporates all participants involved in agricultural production and marketing, most importantly the farming community which would act as the most timely and accurate data source for such information. This network should be able to create a direct connect between farmers and innovators. The success of such an initiative appears probable owing to the growth of the rural segment which has seen the rural farmer becoming more tech savvy and aware of the new mediums of communication. The Agricultural Produce Marketing Committees (APMCs), which presently act as an intermediary between farmers and agricultural traders, can also play a crucial role in this regard and support the efforts of other government agencies or private parties.

