

From Farm to Market

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From Farm to Market: Reshaping India's Fruits and Vegetables Industry

Context:

India's fruits and vegetables (F&V) sector is growing at a faster pace than the cereals sector and contributes nearly 30% to the country's crop agriculture. Despite this growth, the sector faces significant challenges that hinder its full potential. To achieve a transformation similar to the success of India's milk sector, the F&V sector needs to be redefined and restructured. This involves addressing systemic issues, improving infrastructure, and creating organized value chains to ensure farmers receive a fair share of the consumer price.

Issues Faced by the F&V Sector in India

1. Limited Policy Support:

Despite its nutritional and economic importance, the F&V sector receives less policy attention compared to cereals. This lack of focus has resulted in inadequate infrastructure and support systems for farmers.

2. Unorganized Value Chains:

The absence of organized value chains, coupled with poor storage and processing infrastructure, leads to seasonal gluts, price crashes, and significant post-harvest losses. These inefficiencies disrupt the supply chain and negatively impact farmers' incomes.

3. Post-Harvest Losses:

India loses Rs 1.53 trillion annually due to post-harvest losses, with 8.1% of fruits and 7.3% of vegetables going to waste. These losses are a result of inadequate cold storage facilities, transportation challenges, and limited processing capabilities.

4. Low Farmer Share in Consumer Price:

Farmers receive only about 30% of the consumer price for their produce, while the rest is absorbed by intermediaries. This disparity discourages farmers from investing in quality production and limits their income potential.

Replicating the Milk Revolution in the F&V Sector

The success of India's milk sector, led by the visionary Verghese Kurien, serves as a model for transforming the F&V sector. Under Kurien's leadership, India transitioned from being a milk-deficient nation to becoming the world's largest milk producer, with an output of 239 million tonnes in 2023-24. Key factors behind this success include:

- **Dairy Cooperatives:**
Cooperatives like AMUL ensured that farmers received 75-80% of the consumer price, significantly improving their incomes and livelihoods.
- **Organized Value Chains:**
The dairy sector established efficient value chains, from production to processing and marketing, ensuring stability and profitability.

However, replicating this model in the F&V sector is more complex due to the diversity of commodities, seasonality, and regional concentration of production. These factors make price stabilization and supply chain management more challenging.

Farmer Producer Organizations (FPOs) as a Solution

Farmer Producer Organizations (FPOs) have emerged as a promising solution to address the challenges faced by the F&V sector. By integrating farmers into structured value chains, FPOs can mitigate price volatility, reduce post-harvest losses, and improve farmers' incomes.

Case Study: Sahyadri Farmer Producer Company Ltd (SFPCL)

- **Overview:**
Founded in 2004 in Nashik, Maharashtra, SFPCL started with just 10 farmers. Today, it has expanded to include 26,500 farmers across 252 villages, covering 31,000 acres of land.
- **Growth and Revenue:**
The company's revenue surged from Rs 13 crore in 2011-12 to Rs 1,549 crore in 2023-24, showcasing its remarkable growth trajectory.
- **Market Reach:**
SFPCL generates 64.6% of its revenue from domestic markets and 35.4% from exports to 41 countries, highlighting its global competitiveness.
- **Export Performance:**
Grapes dominate SFPCL's exports, accounting for 63.9% of the total, followed by mango slices (18.2%) and bananas (12.8%).

- **Processing Infrastructure:**

The company processes 35% of its domestic revenue from tomatoes, converting them into ketchup, puree, and sauces. This value addition helps stabilize prices and reduce post-harvest losses.

- **Employment Generation:**

SFPCL has created over 6,000 jobs, with 32% of the workforce being women, contributing to rural employment and women's empowerment.

Scaling Up the F&V Sector

To replicate the success of SFPCL and achieve a nationwide transformation, the following interventions are needed:

1. **Strengthening FPOs:**

Providing working capital, infrastructure support, and digital integration to FPOs can enhance their efficiency and scalability.

2. **Market Linkages:**

Platforms like the Open Network for Digital Commerce (ONDC) and blockchain technology can improve transparency and connect farmers directly with consumers.

3. **Reviving Government Initiatives:**

Programs like Operation Greens and the National Horticulture Mission need to be revived and expanded with adequate funding and clear accountability.

4. **Commodity-Specific Value Chains:**

Prioritizing the processing of at least 10-20% of F&V produce can prevent distress sales and stabilize prices.

Need for a National Fruit & Vegetable Board

A centralized body, similar to the National Dairy Development Board (NDDB), is essential to streamline market linkages, promote value chains, and integrate retailers like SAFAL. SAFAL, the largest organized retail network for F&V in the National Capital Region (NCR), is owned by Mother Dairy, a subsidiary of the NDDB. Such a board can ensure that farmers receive 55-60% of the consumer price, improving their incomes and incentivizing quality production.

Key Question: Can Vilas Shinde Replicate Verghese Kurien's Success?

Vilas Shinde, the founder of Sahyadri Farms, has demonstrated the potential for transforming the F&V sector through his innovative approach and leadership. However, replicating Verghese Kurien's dairy revolution on a national scale requires:

- **Policy Backing:** Strong government support and policy interventions to address systemic challenges.
- **Infrastructure Development:** Investments in storage, processing, and transportation infrastructure.
- **Visionary Leadership:** A leader like Kurien, who can inspire and drive the transformation.

Conclusion

Sahyadri Farms has the potential to serve as a *divadandi* (lighthouse) for the F&V sector, much like AMUL did for the dairy sector. With the right policy support, infrastructure, and visionary leadership, India can transform its F&V sector, boosting farmer incomes, reducing post-harvest losses, and stabilizing prices. This transformation can position India as a global leader in horticulture, ensuring sustainable growth and prosperity for millions of farmers.

