

# [Fruits and vegetables industry of india](https://assignbuster.com/fruits-and-vegetables-industry-of-india/)

### INTRODUCTION

India is the second largest producer of fruits and vegetables in the world after China. Since the 1980s the international trade in fruits and vegetables has expanded rapidly. The number of commodities as well as the number of varieties produced and traded has drastically increased during the past 25 years. There is an overall increase in the demand of fruits and vegetables for consumption both in fresh and the processed form. Also there is a wide diversification in production pattern globally. Income in this sector is increasing which is driving the supply. In spite of being one of the largest producers of fruits and vegetables in the world, the export competitiveness among the Indian producers remains low. But with new marketing initiatives, the post-harvest losses and wastage due to poor infrastructure facilities such as storage and transportation are reduced to a considerable extent, yet a lot needs to be done in this sector. Supply constraints, yield gaps and huge logistic costs affect our competitive and comparative advantage in world trade market. Rs 50, 000 crore worth of produce gets wasted every year in the absence of a proper value chain for food processing. The government is working on 30 cold chain routes countrywide to enable integration of the sector from farm-gate to the retail outlet. Apart from these many private sector companies have taken initiative to bridge this gap, many among them are Safal, Pepsi, Bharti, Reliance, Bayer and etc.

### PROJECT TILL NOW

* DRAWING OF SUPPLY CHAIN OF INDUSTRY
* STUDYING VARIOUS INTERMEDIARIES IN CHAIN
* ISSUES AND CHALLENGES FACED BY INDUSTRY

### PENDING

### CONTENTS

1. FRESH FRUITS AND VEGETABLES – CHARACTERISTICS
2. FRUITS AND VEGETABLE SUPPLY CHAIN IN INDIA
3. INTERMEDIARIES IN THE MARKET
4. OTHER PLAYERS
5. ISSUES AND CONSTRAINTS IN FRUITS AND VEGETABLE MARKETS
6. COLD CHAIN

### FRESH FRUITS AND VEGETABLES – CHARACTERISTICS

1. Perishability of products: Involvement of many bio-physic-chemical processes make it’s highly vulnerable to damages at short intervals and thus contributes to product’s limited shelf life.
2. Seasonability of production: The inconsistent supply due to the close involvement of many biotic and a biotic factors of production break the cycle of the produce availability in the market throughout the year.
3. Bulkiness of products: The bulkiness of the fresh produce adds to the transportation, handling and packaging charges. Along with makes its prone to pre and post harvest damages in the supply chain accounting up to the extent of 20-40 percent.
4. Quality variation of products: No adherence to GAP practices leads to variation in quality
5. Irregular supply of products: Seasonability and non planned insufficient production creates gluts and shortages in the market.
6. Small Holdings size & scattered production processing: As majority of the Indian farmers falls in marginal and small category.

### FRUITS AND VEGETABLE SUPPLY CHAIN IN INDIA

### INTERMEDIARIES IN THE MARKET

### Producers:

Most farmers or producers, perform one or more marketing functions. They sell the surplus either in the village or in the market. Some farmers, especially the large ones, assemble the produce of small farmers, transport it to the nearby market, sell it here and make a profit.

### Middlemen:

Middlemen are those individuals or business concerns which specialize in performing the various marketing functions and rendering such services as are involved in the marketing of goods.

Village commission agent

Market commission agent

Wholesalers

Village commission agent

These are agent which directly purchase from farmers, these agents are appointed by marketing commission agent to purchase on their behalf.

### Marketing commission agent

These agent are appointed by government to do purchasing, this is because to ensure that fair price in market prevails

### Wholesalers:

In india government have prohibited wholesalers to directly purchase goods from farmer. They can purchase good from market commission agent. Whole selling is the one that covers activities of all individuals or businessmen, which sell to or negotiate sales with customers, who buy for resale or industrial use. His position is that of an intermediary between manufacturer and retailer. Wholesalers are classified as:

1. Local wholesalers, who deliver their purchases to local retailer.
2. Provincial wholesalers some time called as distributor selling to the retailers of a particular district or a state.
3. National wholesalers located at a strategic place and distribute goods all over the country.
4. Sub Wholesaler, are smaller wholesaler who purchase from bigger and larger wholesaler, generally concentrated in smaller markets.

### Retailers:

He is the last link in chain of middleman, who sells directly to consumer. He takes title to goods, sells and sets up business usually amidst the consumer’s groups. He buys his requirement usually from the wholesalers. Retailers in producing areas may have direct contact with producers and buys goods from them for resale.

### Main function:

1. Selling the product of member’s.
2. They also undertake outright purchases.
3. Provide storage facilities for storage and grading
4. Save cultivators from exploitation by traders and help farmers in getting fair price for their produce.
5. Performing functions of processing of raw produce.

### OTHER PLAYERS

### Pucca Arhatia:

He is the real purchaser in the wholesale market. He his buying for his own behalf, or acting for some business, like firms in consuming markets. Big industries play them as their agent and order him to purchase certain quantity within a given range of price. When pucca arhatia trades on his own, he dispose of his produce brought by him through dealers in different parts of country.

### Katcha Arhatia:

He also advances money to the cultivators and village banias on the condition that the produce will be disposed off through him alone and hence charges a very nominal rate of interest on the money advanced. Katcha arhatia charges commission for services rendered by him. Important link between the village cultivator or traders on the one hand.

### Village Merchants:

He is an important agency in the collection of produce and more so when the mandi is situated at a considerable distance from the village. He advances from his shop either on credit or for exchange of food grain or so price given for cultivator’s produce. The quantities of agriculture Production collected is either disposed off in the mandi or retained for resale in the village in the processed forms, such as rice, flour, oil etc.

### Itinerant Traders:

They are small merchants, who move from village to village and buy the produce from cultivator’s house. They give a lower price than selling in the nearby market and in setting transportation take into consideration, the factors such as cost of transportation, market charges and profit margin

### ISSUES AND CONSTRAINTS IN FRESH FRUITS AND VEGETABLES MARKET:

1. Lack of basic infrastructure for example cool chains, logistics and supply chain management. The infrastructural problems, pertaining to the cold storage facilities are dual as some places don’t have the cold storage while some places have the problem of underutilization of the existing cold storages. The utilization is even lower than 30 per cent of the total capacity in many cases. Development of competitive international transportation, linked to domestic air transport or road and rail transport would help in reduction of post harvest losses.
2. Presponderance of Intermediaries in the channel results in unfair and exploitative practices in marketing of fresh produce is very common.
3. Lack of proper grading and quality control system.
4. Scattered productions and sometimes in isolated places where even the transportation facilities and other infrastructure is not sufficient for the perishables.
5. Lack of unity and organization skill among the farming community, which proves a major impediment in the formation of cluster groups and co-operatives.
6. Inefficient & Imperfect markets: Due to prevalence of many intermediaries and malpractices followed by them in the price fixation and auction of the perishables in between the marketing channel results in upraise of consumer’s price in the producer’s share.
7. Concept of consumer packaging practically unknown in domestic markets : Improper pre and post harvest handling without any sound packaging leads to heavy loss ranging from 20-40 percent of the produce at the time when its reaches the final consumer.
8. Lack of forward & backward linkages: Absolute lack of the much needed quality inputs and extension backup at proper time and after harvest processes.
9. Ignorance to new methods of cultivation and dependence on traders for extension knowledge.
10. Perishability and Storability: Having limited shelf life due to its typical bio-physic-chemicals constitutions, fresh fruits and vegetables penetration is restricted to the certain niche markets and stakeholders. Besides the presence of insufficient numbers of storages and cool chain facilities adding to the woes.
11. Low exports : Emergence of many competitive markets with comparative advantages in awake of the globalization and the imposition of different Tariff and Non-tariff barriers to save the domestic industry by the protection list nations using sanitary and phytosanitary measures (SPS) as their benchmark resulting in the limited exports of the perishable commodities. The window of international demand for the horticultural products is very small. Thus a planned strategy is to be made to target the markets during that period.
12. Freight charges: High air freights are also hindrance for cost effective exports. For the exports large fluctuations in the production of fruits and vegetables causes problem in being a regular trade partners.
13. Long marketing channel: Prevalence of many of the intermediaries in between the supply chain robbing the lion’s share of the producer’s by deeply penetrating the consumer’s pocket
14. Non-functional AEZ: Even after 10 years of starting of the Agri-Export-Zones in deferent specific production pockets of different produces, full implementation is at its nascent stage due to many socio-political reasons. Thus the final benefit doesn’t reaching to the destined.
15. Poor Post harvest care & handling of the produce: Improper pre and post harvest care and handling leads to heavy loss ranging from 20-40 percent of the produce.
16. Absolute lack in co-ordination b/w production targets of concerned department & action plan of the marketing directorate
17. Prevalence of primitive methods of selling and price fixation like, secret sale, private negotiation, under cover etc.
18. Meager involvement of Government & other co-op. marketing agencies alike to the private agencies

### COLD CHAIN

What is cold chain?

Cold chain may be defined as a logistic system that provides a series of facilities

for maintaining ideal storage conditions for perishables from the point of production to the point of consumption in the food chain. This is generally absent, but critical segment in Indian logistics infrastructure.

### Why are we suddenly talking about Cold Chain?

* We have realized that there is great amount of wastage happening post Harvest.
* This wastage is being estimated at 25% of total produce or approx Rs. 50000 Cr US $ 10 Billion.
* Indian Agriculture sector accounts for 26% of country’s GDP, produces 64% employment and 18% of country’s export.
* India is 2nd largest producer of Fruits & Vegetable in the world.
* India is the 2nd largest vegetable Exporter.
* India’s share is only 1% of World trade.

### Why there are Losses in Post Harvest of Horticulture produce?

* Shortages of Cold Storage facilities and Refrigerated transport lead to inefficiency in handling perishables which manifest it into wastages.
* Some estimates say that the post harvest losses of fruits and vegetables alone in India is more than the total production of fresh fruits and vegetables in Great Britain.