



Research Paper

## Value chain management in vegetables-An agribusiness approach

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**ABSTRACT :** The Indian fruit and vegetable processing industry in India bears a highly fragmented structure as a large number of units belong to the cottage/home and small scale sectors. In this context, logistics and supply chain management have become the crucial areas of management and national focus. Supply chain management is more important in the sector of agribusiness because most of the agricultural products are perishable and have a very short shelf-life. The study conducted was focused on the marketing efficiency in both traditional and modern supply chain. Dharwad was selected as the study area because of different formats practicing supply chain. Mainly traditional and modern models of supply chain techniques were selected. Modern supply chain was found out to be more efficient than traditional supply chain. The results revealed that the marketing cost incurred by farmers in traditional supply chain was highest as compared to the modern supply chain. The modern supply chain formats were found to be efficient when compared with the traditional supply chain which is having highest price spread per unit of sale. Hence, it is advisable to the farmers to sell their produce through modern supply chain and cooperative supply chain.

**KEY WORDS :** Supply chain management, Logistics, Price spread, Net price, Marketing margins

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### INTRODUCTION

The Indian fruit and vegetable processing industry in India bears a highly fragmented structure as a large number of units belong to the cottage/home and small scale sectors. As per available statistics from the Ministry of Food Processing, Government of India, the total number of organized sector fruit and vegetable processing units licensed under FPO exceeds 5293. The industry is still in a nascent stage of development but there is a huge potential for growth considering the steeping growth rates being experienced lately by the industry.

As such, horticultural crops occupy around 13 per cent of India's gross cropped area, having the production of 225.43 million metric tones during 2008-09. One of the most fundamental issues, which actually requires research, is the method by which we can minimize the post harvest losses, which is quite substantial at present. This needs the designing of efficient and cost effective and also environment friendly storage systems. There is also a requirement for value addition to agricultural produce in order to maximize their returns. Hence,

there is an importance of supply chain in improving marketing activities of retail business in agricultural areas in Indian economy. The middlemen and poor supply chain facilities have resulted in the hike of agricultural prices up to 60 per cent without actually adding any value. India is the second largest producer of fruits and vegetables with the production of 134.5 MT, but due to inadequate cold storage and preservation facilities and improper supply chain infrastructure, there is enormous wastages.

About 30 per cent of the fruits and vegetables grown in India gets wasted annually resulting in instability of prices, farmers not getting remunerative prices, rural impoverishment culminating in farmers' frustrations and suicides. Enough attention has been paid at the pre-harvest stages for bolstering the levels of production by innovative techniques like crop rotation, soil conservation, pest control, fertilizers, irrigation, etc., but, post harvest issues have not been addressed adequately. Despite having achieved national food security, the lives over 200 million Indian farmers and farm workers and their well-being who have been the backbone of Indian