



Promotion of Commodity Interest Groups and Supply Chain Management

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ABSTRACT

Small and marginal farmers generally prone to sell their produce on "as is where basis" due to several constraints like repayment of personal hand loans and to meet domestic needs. With the globalization of market, farmers have to transform themselves from mere producers-sellers in the domestic markets to producer cum seller in a wider market sense to best realize the returns for his investments, risks and efforts. This to be achieved, farmers need to know answers to questions like what to produce, when to produce, how much to produce, when and where to sell, at what price and form to sell his produce. Ever Green revolution is possible only when the Farmers institutionalize themselves into commodity groups. They should operationalise supply chain management for various commodities. Ultimately mindset of farmers has to be changed to view agriculture as Agribusiness.

Keywords : Commodity Interest Groups, Supply Chain Management

Introduction:

Indian agriculture has made rapid progress and strides in the last half century by augmenting the annual food grain production from 51 million tonnes in the early fifties to 209 million tonnes in 1999-2000 and steered the country to a status of self sufficiency.

Though the production has increased dramatically, not so much bothered about remunerative prices, small and marginal farmers generally prone to sell their produce on "as is where basis" due to several constraints like repayment of personal hand loans and to meet domestic needs.

With the globalization of market, farmers have to transform themselves from mere producers-sellers in the domestic markets to producer cum seller in a wider market sense to best realize the returns for his investments, risks and efforts.

Enhanced roles of Agricultural Extension personnel in light of Market-led Extension:

1. SWOC analysis of the market: Strengths (demand, high market ability, good price etc.), Weaknesses (the reverse of the above), Opportunities (export to other places, appropriate time of selling etc.) and Challenges (imports and perishability of the products etc.) need to be analyzed about the markets. Accordingly, the farmers plan their production and marketing.
2. Organization of Farmers' Interest Groups (FIGs) on commodity basis and building their capabilities with regard to management of their farm enterprise.
3. Supporting and enhancing the capacities of locally established groups under various schemes / programmes like watershed committees, users groups, SHGs, water users' associations, thrift and credit groups. These groups need to be educated on the importance, utility and benefit of self-help action.
4. Enhancing the interactive and communication skills of the farmers to exchange their views with customers and other market forces (middlemen) for getting feedback and gain the bargaining during direct marketing ex. Rythu Bazaars, Agri-mandi and Uzhavar Santhaigal etc.
5. Extension system should provide information to establish marketing and agro-processing linkages between farm-

ers groups, market and private processors. Advice on product planning, selection of crops to be grown and varieties suiting the land holding and marketability of produce will be the starting point of agri-enterprise.

6. Educating the farming community to treat agriculture as an entrepreneurial activity .
7. Direct marketing: farmers need to be informed about the benefits of direct marketing, viz., Rythu Bazaars in AP, Apni Mandis in Punjab and Haryana Uzavar Santhaigal in Tamilnadu.
8. Capacity building of Farmers Interest Groups (FIG) in turn improved production, post harvest operations, storage and transport and marketing.
9. Acquiring complete market intelligence regularly on various aspects of markets.
10. Regular usage of internet facility to get updated on market intelligence.
11. Publication of agricultural market information in newspapers, radio and Television besides internet.
12. Organizing study tours to FIGs: to the successful farmers/ FIGs for various operations with similar socio-economic and farming systems as the farmers learn more from each other.
13. Video films on success stories of community specific farmers.
14. Creating websites of successful FIGs in the field of agribusiness management to help other FIGs to achieve success.

Commodity group?

A self managed, independent group of farmers with a shared goal and interest. The members work together to achieve this goal by pooling their existing resources, gaining better access to other resources and to share in the resulting benefits. Groups are classified as,

Official: Registered and able to officially trade, covered by government regulations, possibly formed through a government programme.

Informal: Unregistered but active, not registered formally (but recognized by village) for trade or receipt of credit, most likely to have been created and convened

independently.

Objectives of a commodity group

It is easier and more efficient to solve business problems in a group than as individuals.

- ◁ To address production and marketing issues
- ◁ To develop 'self-help' approaches
- ◁ To provide pooled resources
- ◁ To allow members to exploit an economy of scale
- ◁ To provide a forum for training and information sharing
- ◁ To provide a focal point for technical and training activities.

Activities of a commodity group

- ◁ Conduct meetings
- ◁ Engage in information sharing (including networking with other groups)
- ◁ Receive technical training
- ◁ Conduct field trials
- ◁ Organise bulk selling and purchasing
- ◁ Develop market networks and make market assessments
- ◁ Support individual members on group basis
- ◁ Manage a 'revolving' fund for group activities
- ◁ Identify technical and product opportunities
- ◁ Invest in issues that cannot be covered by individuals
- ◁ Gain access to credit not available to individuals.

Benefits of commodity group

- ◁ Access to technical and market information
- ◁ Improve buying and selling power
- ◁ Likely to maintain useful and relevant activities
- ◁ High motivation for sustainability
- ◁ Builds social cohesion

PARADIGM SHIFTS FROM TRANSFER OF TECHNOLOGY TO MARKET-LED EXTENSION

Aspects	Transfer of technology extension	Market-led extension
Purpose/objective	Transfer of production Technologies	Enabling farmers to get optimum returns out of the enterprise
Expected end results	Delivering messages Adoption of practices by most of farmers	High returns
Farmers seen as	Progressive farmer, High producer	Farmers as an entrepreneur / "Agripreneur"
Focus	Production / yields "Seed to seed"	Whole process as enterprise High returns "Money to money"
Technology	Fixed package recommended for an agro-climatic zone covering very huge area irrespective of different farming situations	Diverse baskets of package of practices suitable to local situations/ farming systems
Extensionists' interactions	Messages, Training Motivation Recommendations	Joint analysis of the issues Varied choices for adoption Consultation
Linkages/ liaison	Research-Extension-Farmer	Research-Extension-Farmer extended by market linkages
Extensionists' role	Limited to delivery mode and feedback to research system	Enriched with market intelligence, establishment of marketing and agro-processing linkages.
Contact with farmers	Individual	Farmers' Interest Groups Focused groups/SHGs
Maintenance of Records	Not much importance as the focus was on production	Very important to understand the cost benefit ratio and the profits generated

Information Technology support	Emphasis on production technologies	Market intelligence including price trends, demand position, current prices, market practices, communication network, etc
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The Advantages of Commodity Groups

- ◁ Reduction in cost of Cultivation
- ◁ Reduction in Transportation cost
- ◁ Influence the policy of Government through collective efforts
- ◁ Branding of the produce and Patenting
- ◁ Competitive marketing not only in the domestic but also global level

Some examples of Commodity Groups in Tamil Nadu:

- ◁ Banana Growers Association (Trichy)
- ◁ Coconut Growers Association (Ayyampalayam)
- ◁ Mango Growers federation (Dharmapuri)
- ◁ Coffee Grower Association (Thandigudi)
- ◁ Grape Growers Association (Thondamuthur)
- ◁ Broiler Grower Association (Namakkal)
- ◁ Reddiarsatram Seed Growers Association – Maize (Dindigul)

Factors Influencing Community Group Effectiveness.

1. Group composition
2. Group structure and size
3. Group atmosphere
4. Cohesion
5. Group standards and norms
6. Leadership styles
7. Balance between group maintenance needs, individual needs, and task needs
8. Development phase of the group
9. Group culture; empowering or controlling or a balance

Activities carried out by commodity associations

- advocacy and trade negotiation
- promotion and quality development
- training provision
- market and other information provision
- overcoming logistical difficulties
- research, and
- other activities.

INTERNATIONAL ASSOCIATIONS

- ◁ Nepal Poultry Entrepreneurs Forum (NPEF)
- ◁ The South African Meat Industry Company (SAMIC)
- ◁ United Coconut Associations of the Philippines (UCAP)
- ◁ Ghana Rice Inter professional Body (GRIB)
- ◁ Horticultural Promotion Council of Zimbabwe (HPC)
- ◁ Viet Nam Fruit Association (VINAFRUIT)
- ◁ Spice and Allied Products Producers' and Traders' Association, Sri Lanka (SAPPTA)

Supply Chain Management in Agriculture

Supply Chain Management in Agriculture is logistics concerned with the integrated process, which ensures that goods and services are delivered to the correct place, on time and in full at minimum cost to the business.

In other words, Integration of all value-creating elements in the Supply, Production, Processing, Distribution channel, from raw materials, through the transformation process to end-user consumption.

A supply chain is a network of facilities and distribution options that performs the functions of procurement of materials, transformation of these materials into intermediate and finished products, and the distribution of these finished products to customers. Supply chains exist in both service and manufacturing organizations, although the complexity of the chain may vary greatly from industry to industry and firm to firm.

The case of India

The demand for food products is increasing @s eight per cent annually in India. The food expenditure accounts for about 53 percent of the private consumption expenditure. Increasing working population, rising disposable income and greater International exposure have all made the fast growing Indian market to witness a paradigm shift in the nature and quality of produce demanded. The consumption basket is undergoing a change in favour of, fruits, vegetables, milk, meat, etc., besides other healthy, hygienic products. While this is the National scenario, the International scenario unfolds with the process of liberalization and globalization unleashing a large set of opportunities with consumers around the world particularly in the western hemisphere showing larger appetite for the tropical & sub-tropical fruits and vegetables. Catering to this section of population, besides the people of the emerging markets particularly in Asia, the super market chains that have their base either in North America or Europe are showing enormous interest in sourcing produce/ commodities around the world. The catch however is that the produce should meet the consumer preferences and the stringent private quality standards that the super market chains have evolved and established. The standards like "EUREP GAP"(European Certification for Good Agricultural Practices) require a whole range of infrastructure, procedures and processes to be in place if at all we intent to capitalize on the opportunities unfolding in-terms of larger markets for these produce. It is important to note that EUREPGAP only covers produce up to the farm gate and thereafter other systems such as GMP (Good Manufacturing Practices), HACCP (Hazard Analysis of Critical Control points) etc will become essential. All food industries must also implement GMP and GHP, both of which are prerequisite programs for HACCP. The South African fish industry, represent a classical case study in terms of its adoption of HACCP. The challenge is now for primary agriculture and the food processing industries to follow this example. Besides the fruit and vegetables other EUREPGAP certification procedures have been developed for fresh flower, while draft documents covering animal production protocols which includes beef and lamb; pig meat; poultry; eggs; dairy and fish farming have been issued. Other drafts for crops, such

as barley, beans, wheat, linseed, maize, soybeans, etc. have also been prepared for release.

SUPPLY CHAIN MANAGEMENT IN HORTICULTURE

The enormous losses of fruits and vegetables produced in the country are mainly because of the lack of proper infrastructure for storage and transportation under controlled conditions. Of late, Supply Chain Management (SCM) is gaining importance due to globalization. A supply chain is a set of three or more organizations linked directly by one or more of the upstream or downstream flows of products, services, finances, and information from a source to a customer. Supply chain management, then, endorses a supply chain orientation, and involves proactively managing the two-way movement and co-ordination of goods, services, information and funds (i.e. the various flows) from raw material through to end user. The changing lifestyle and open economy have forced the manufacturers/suppliers to produce/supply quality products.

Several factors are driving an emphasis on supply chain management. First, the cost and availability of information resources between entities in the supply chain allow easy linkages that eliminate time delays in the network. Second, the level of competition in both domestic and international markets requires organizations to be fast, agile, and flexible. Third, customer expectations and requirements are becoming much more stringent. So to satisfy the consumers, SCM system should operate with the timeliness and quality as two main objectives.

Conclusion

Another Green revolution is possible only when the Farmers Institutionalize themselves into commodity groups. They should Operationalise supply chain management for various commodities. Ultimately mindset of farmers has to be changed to view agriculture as Agribusiness. On the part of Extension Personnel, they should concentrate on forming Commodity groups not as mere targets. On the part of Government there should be appropriate policy support for Organisational effectiveness.

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