National Seminar on Financing Agri Value Chains: Challenges and Opportunities

BIRD hosted the 2-day National Seminar on “Financing Agri Value Chains: Challenges and Opportunities” organised jointly by NABARD and IFPRI at BIRD Campus on 29th and 30th November 2015. Shri PravirKumar, IAS, Agriculture Production Commissioner [APC], Govt. of UP was the Chief Guest who inaugurated the Seminar. Smt. UpmaChawdhary, IAS, Addl Chief Secretary, Govt. of HP; Dr Harsh Kumar Bhanwala, Chairman, NABARD; Shri R Amalorpavanathan, DMD, NABARD; Dr Ashok Gulati, Infosys Chair Professor for Agriculture, ICRIR and Dr PK Joshi, Director, IFPRI addressed the delegates at the inaugural session.

The Seminar was attended by nearly 300 delegates representing various State Governments, Banks, Corporates, FPOs, Farmers, Academia and Students. There were 5 technical sessions covering various aspects of agri value chains and one panel discussion which deliberated on the Way Forward for agri value chain development.

The following were the technical sessions of the Seminar:

I. Issues relating to Agriculture Value Chains: Chaired by Dr PK Joshi, Director, IFPRI, New Delhi. Papers presented in the session included “Financing Organised and Unorganised Value Chains”, “Ägri Value Chain approach to reach Small Farmers”, “Value Chain approach of Potato in Select States”, “Value Chain analysis of tomato marketing systems in Karnataka”, “Strategic issues in the Food Security Value Chain” and “Agri Value Chain of Wheat: A Case Study in Haryana”.

II. Commodity Value Chains-Allied Activities: Chaired by Dr PG Chengappa, ISEC, Bangalore. Papers presented on topics like “Financing Dairy Value Chains”, “Strengthening Value Chain of Compound Cattle Feed: What needs to be done?”, “Value Chain analysis of dry fish in NE India” and “Value Chain management in Ultra Small Poultry in Jharkhand”.

III. Participation of Small Farmers in Agri-commodity value chains: Chaired by Shri Pravesh Sharma, Formet MD, SFAC. Papers presented on “Agro value chains finance and small producers: Connecting the dots”, “Small farmers in supermarket procurement: Evidence from India”, “Small-holder participation in supermarket driven agri food supply chain: Case Study of Reliance Fresh”, “Different models of financing small farmers agricultural value chains”, “Organising small farmers as producers group: A study”, “Optimal institutional architecture of FPOs for sustainable agriculture value creation for small farmers” and “Analysing and visualising the synergistic impact of the most effective determinant leading to migration of female farmers from rural areas”.

IV. Infrastructure support for agri value chains: Chaired by Shri KM Trivedi, CGM, Rural Banking, SBI, Mumbai: Papers presented on “Critical gaps in storages/warehouses in India and implementable models to bridge the gaps for promoting financing of agri value chains”, “Present status, potential and issues in development of cold chain infrastructure in India”, “Warehousing Sector in India – Status, Challenges & Implementable Models”, “An Economic Analysis of Pledge Loan Through Warehouse Recepts in Hyderabad –Karnataka Region”, “Financial Requirements for efficient supply chain, the Mahagrapes experience” and
“Identification of ICT strengthened Decentralized Supply-chain for Farm-Produce: Case of Farmer’s Club, Peri-Urban Pune”.


VI. Panel discussion on Way Forward: Chaired by Shri SK Goel, Former ACS, Govt. of Maharashtra.

A few of the key takeaways from the various sessions are summarised below:

- To develop an inventory of challenges in financing agricultural value chain
- Documenting best practices
- Develop strategic frame work for unified agricultural market (like Karnataka model)
- Road map for strengthening financing of agricultural value chain; a plan for 2016-17 and a long-term plan to be presented to Government of India.
- Climate smart co-operative models like Amul, SHG model, Contract farming model- Poultry sector and cluster farming model in Chhattisgarh etc., which include both mitigation and adaptation practices.
- We have to move ‘from farm to fork’ concept to ‘fork to field’ meaning instead of looking at supply side we need to focus now on demand side.
- Aggregation is easy but marketing is difficult therefore first capture market, assess demand and then go for production and aggregation of the produce so that the risk is eliminated and farmers will get profits.
- The CISS approach i.e. Competitive, Inclusive, Scalable and Sustainable and to achieve this there is a need to do away with the distortions in APMC Act and Essential Commodity Act.
- NABARD to identify in each PLP the important agriculture value chain areas and work on creating enabling infrastructure, legislations, policy interventions, etc.
- GOI identified 60 Agri Export Zones, there is need to deliberate on the status of these zones and come out with a plan for flow of bank credit.
- Give importance to data for planning and the need to leverage IT tools to digitize the available data.
- To overcome the high incidence of market fluctuations, long gestations, losses/wastages, large marketing channels etc., creation of infrastructure, research, creation of platforms highlighting the models etc., are is very important in the Agri Chain Value financing.
In the coming years demand will decide supply of produce and production of commodities as consumption patterns are showing a significant change from usage of cereals in favour of fruits, vegetable and milk therefore all the needs of the pre and post-harvest value chain have to be identified and supported, which would be a win-win situation for everybody.

We must capitalize on strengths of our resources, like soil, climate and IT etc and must focus on value addition such as cleaning, sorting, grading, processing etc.

There is no option for us but to go for value addition of agri produce and we have to involve cooperatives and corporates to supplement the efforts of SHGs and FPOs.

NABARD to create a portal or information source giving different project profiles, model projects, pilots, models on agri. value chain finance.

Study the requirements of sanitary and phytosanitary measures to be adopted by the farmers who are cultivating vegetables and fruits.

Conduct a Study on gender issues in Agri value Chain Finance.

Agri value chain financing should focus on six parameters, viz., competitive, financially sustainable/viable, scalable, resilient and adaptable to climate risk.

Agri Value Chain financing must address the concerns of small holders, gender and sanitary and phytosanitary practices.

There is a need for creating enabling atmosphere by the government through creation of infrastructure facilities in rural areas, bringing policy interventions and technology so that the banks, corporates can participate in the Agri Value Chain Financing.

There is a need to incentivise the FPOs which cultivate commodities like onions, pulses, oil seeds etc., which are experiencing price rise.

There is a need to extend required institutional credit support to various activities within the dairy value chain.

Capacity development of small dairy holders need to be strengthened. Mobile quality control units to address quality-related issues in production.

Resource-poor states like Rajasthan have lesser incidence of poverty than the States with high natural resources like Bihar, Jharkhand and Chhattisgarh. Dairy activities can be focused on these states to leverage availability of natural resources.

There is a need to bring small and marginal farmers and landless who own dairy animals to a common platform for aggregation and marketing.

There is need for bringing awareness among the bankers on value chain financing and bank have to reorient their policies.

The Valedictory Session was chaired by Shri R Amalorpavanathan, DMD, NABARD and addressed by Shri Ashwani Kumar, CMD, Dena Bank & Chairman, IBA.

Shri Sunil Chawla, Joint Director, BIRD proposed vote of thanks.