



Speaker Series

Experts' views for expert investors

India

Organised retailing

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Interviewed by:

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Farm to fork

Bringing small farmers into the supply chain

Donald Taylor is Program Manager of the Growth Oriented Micro Enterprise Development (GMED) Program and has more than 30 years' experience in agriculture and agribusiness. In this interview, Taylor discusses how small-scale Indian horticulture farmers can profitably participate in the market opportunities offered by organised retail. In the medium to long run, the benefits will be huge for small farmers and big retailers alike. Contract and contact farming can coexist.

Food and grocery retailing attracting major companies

- Fresh food and groceries account for two-thirds of the US\$250bn Indian retail market.
- Given the low share of organised retailing in this segment and the promise of disproportionately wide margins, it holds great promise for large retailers.

Supply-chain challenges are huge

- The challenge is to develop a robust supply chain linking the farmer to the retailer.
- A lack of proper infrastructure and an inefficient supply chain drive up the price of fruit and vegetables, with wastage estimated at 20-40% of production.
- Farm land is fragmented, with an average farm size of less than two hectares, making it difficult to integrate small farmers into the modern retailing supply chain.
- Many corporate groups are exploring contract-farming opportunities, with much discussion centred on these contract-farming and farm-to-fork policies.
- However, slow steps in amending the Agricultural Produce Marketing Committee (APMC) Act and limitations on farmland leaseholds have constrained progress.

A fresh solution

- The US Agency for International Development (USAID), through its GMED Program, is experimenting with an alternate model that may hold greater practical promise.
- Pilot projects have shown that the small farmer can be integrated into the supply chain. Some of the smallest farms involved are just two acres (0.8 hectares).
- There has been significant improvement in productivity, product quality and farmers' incomes, and big retail is becoming interested in GMED's efforts.
- If the pilot projects are widely adopted and gain scale, we see significant benefits for the small farmer as well as productivity and quality improvements for Indian horticulture and vegetable farming.
- We expect a rise in rural consumption, increased exports of fruit and vegetables, crop diversification and the development of a food-processing industry.
- The anti-reform and anti-organised-retail brigades need to look at the results groups like GMED are generating to see the opportunities being created.

GMED expert illustrates pest and disease infestation on mango leaves



Source: GMED, CLSA Asia-Pacific Markets

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Donald Taylor

Program Manager, Growth Oriented Micro Enterprise Development



Donald Taylor has more than 30 years' experience as a business manager and consultant in agriculture and agribusiness. He has worked in more than 30 countries, primarily in East and Southeast Asia. Taylor has been an agribusiness development advisor to the US Agency for International Development (USAID), World Bank, Asian Development Bank, United Nations and numerous corporate clients.

He is currently managing two development projects in India for USAID, both of which are aimed at enabling small-scale Indian horticulture farmers to profitably participate in the market opportunities posed by the rapid emergence of the organised retail sector. Taylor is a graduate of California State Polytechnic University with a Masters Degree in Agriculture.