

# Improved prospects

Post-harvest losses must be minimised

**T**he India Meteorological Department has reiterated the country will get above-normal rain this year. Since the rainfed regions are also expected to get good rain, this factor will help boost agricultural production. Higher production will naturally help contain the food inflation rate. It is worth noting, while the core inflation rate, based on the consumer price index, is running below 4 per cent, higher food prices are keeping the headline rate above the central bank's target. The food inflation rate in April, for instance, was 8.7 per cent. In the context of inflation management, while improved food production should help contain prices and inflation expectations, India must also work on augmenting supply chains for perishable items, which tend to impart greater volatility to inflation outcomes. Until a few months ago, for example, vegetable prices pushed up the headline inflation rate.

This is despite India being the second-largest producer of fruit and vegetables globally, having produced 351.92 million tonnes of horticultural products in 2022-23, surpassing foodgrain production during the same year. But tonnes of it goes to waste. Around 15 per cent of fruit and vegetables are lost after harvesting. Climate change-induced extreme heat may worsen the situation in the coming years. As things stand, improving infrastructure can help reduce wastage. Cold-chain storage and refrigeration facilities remain inadequate in the country, resulting in spoilage across the supply chain. A temperature-controlled supply chain contributes significantly to preserving perishable goods and ensuring that food reaches consumers in optimal condition. Notably, a large proportion of India's current cold chain storage capacity — of around 39 million tonnes — remains unutilised. The available cold-storage units also have a skewed geographical distribution. For instance, most cold-storage facilities are concentrated in states like Uttar Pradesh, West Bengal, Gujarat, Punjab, and Andhra Pradesh, while Bihar and Madhya Pradesh have insufficient numbers of them. Further, most cold-storage facilities are designed to store a single commodity at a time. This calls for boosting multi-storage cold chain capacity in the country.

Since most farmers in India are poor with small and fragmented land-holdings and earn little profits from cultivation, investing in storage infrastructure at the decentralised level is not feasible. While over 92 per cent of cold-storage units are owned and operated by the private sector, there is scope for government intervention in addressing shortfalls in storage infrastructure. Although a subsidy of 35-50 per cent is provided to set up storage facilities, including pack-houses, the costs are still high. Other problems including the distance between farms and wholesale markets or mandis, and poor road infrastructure add to the bottlenecks in the supply chain, leading to spoilage during transit. Almost 30 per cent of India's road network is still unpaved, adding to the distance and time taken for the agricultural produce to reach the mandis, which pulls down the farmgate prices.

Much of the food wastage can be reduced through the use of technology. Increasing agricultural mechanisation, adopting precision farming practices, and developing a climate-resilient agri-food system are the key to mitigating the losses from spoilage in the country. However, improved capacity in areas like storage and road network infrastructure, and reducing distance between farms and mandis must remain a policy priority. Improving supply chains will help address price volatility, benefitting both producers and consumers.