CHAPTER- 9

RECOMMENDATIONs
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As discussed earlier, organized retail has only 6% participation in total retailing whereas the rest 94% is captured by the unorganized sector. The development of both the systems simultaneously will definitely boost the competition among retailers which will ultimately give the benefit to the end consumer. Though, the growth rate of organized retail is very high, it is facing stiff competition from unorganized retail. The rising prices of real estate, high cost of trained and skilled manpower, tax structure are making the bread tough for organized retail.

However, despite of all pros and cons, there is ample opportunity for both the systems. The challenge for organized retail is to maintain high growth status, at the same time it also a challenge for unorganized retail to maintain their present status.

Inclusive development can be seen in terms of progress in social and financial inclusion of large part of the population, particularly segments like landless agricultural labourers, marginal farmers, small retailers and lower segment consumers who suffer social and financial exclusion. We have to rethink whether Pune is ready or not for fully developed retail sector which must provide a platform for holistic growth. The farmers in and around Pune are also equally entitled to catch the benefit of development which they are actually not getting and with development of organized retail with appropriate supply chain, they would certainly have some share in the development process. The ignorance towards inclusive growth would create imbalance between rural and urban areas which will be a serious threat to overall development in the long run. Therefore, setting up of supply chain infrastructure viz. cold logistics, warehouses, pack houses, processing industries etc. in rural areas has become an urgent requirement.

Therefore, a different strategy is recommended for different stakeholders in following paragraph.
9.1 Unorganized retailers/ Agent / Middlemen

The unorganized retailers must enhance their ability for efficient handling of perishable produce during transportation / loading. Produce should be kept in covered space to reduce fast deterioration of perishables. They should participate in training programmes specially designed for them to enhance skills. Use of crates, sorting and packaging can prove efficient tools in waste reduction.

9.2 Action Plan for Organized Retail

As it is observed during the study, the supply chain management for perishable products is integrated somewhat but not up to the desired standard and drastic up-gradation is required. The need of the hour is to pay attention to development of advance processing of food, development of cold supply chain system, cash and carry model with advanced technology, investment in infrastructure for development of transport and logistics etc. The retail industry should grow and train labour and management personnel and cultivate a logistics-centric pool which will be more effective and less expensive than hiring manpower from outside the industry.

Investments in cold chain infrastructure are capital intensive and will yield slow returns. However, 100 percent foreign direct investment (FDI) is allowed in this sector. 100 percent FDI is allowed in wholesale trading, which involves building of a large distribution infrastructure to assist perishable producer and farmer. The business model is built such that the wholesaler deals only with smaller retailers and not consumers. Movement of materials in the food supply chain is an important element for the success. Several international logistics companies have expertise in this area. This is an area for active consideration. This is also highly asset intensive. Third party logistics providers (3PLs) will be in demand if large international retailers move into India (This will happen when FDI is
further liberalized in retail). As happened in other controlled economies, liberalization of FDI will induce joint ventures between retail chains and global logistics multinationals.

More customer friendly information dissemination techniques are required to be adopted by organized retailers. The system of checking of purchased products at the exit gate should be enhanced.

9.2.1 **Scheme-I: Home Delivery Model for Organized Retail**
Home delivery is one of the strong options for big retailers. They can operate from outskirts of the city to reduce high realty and other associated cost. A model can be developed in which consumer can order their daily requirement of all perishables (including milk, vegetables, fruits, meat, bread etc.) by telephone or Internet on day one (By evening) which can be delivered next morning after packing. Alternatively, a weekly delivery programme can also be prepared. The option can be given for self collection at the nearby outlet. There will be assurance for quality and competitive price. Assistance of logistics service providers will be needed for order fulfillment which will increase employment opportunities. The model will be viable for working couples residing in housing societies. The wastage can be minimized, freshness will be maintained and cost curtailed will be more than the cost of delivery. This will also enhance the consumer satisfaction and be helpful in brand development.

9.2.2 **Scheme-II: Consumer Awareness**
The perspective of creating awareness among consumers has a paramount concern for food quality and safety which can be achieved through effective supply chain. Promoting consumers demand for safe and healthy foods, so that the demand will
drive the implementation of food safety measures. This ultimately enables retailers to capture global standards of supply chain practices. Price incentives will provide demand-pull for quality and safe food and ultimate traceability. Organized retailers can make lower-cost food available to consumers due to their supply chain efficiencies and scale economies. Consumers awareness also enhances demand for processed and private label products. This will further ensure that issues of perishable food costs and quality relating to consumers are adequately addressed and can be achieved through stabilizing prices and reducing inflation which, in turn, could be accomplished through direct buying from farmers, improving supply chain efficiencies to lower transit losses, improved storage capabilities to control supply-demand imbalances, better quality and safety standards.

9.3. Government’s Initiation

The Government should be motivated for Foreign Direct Investment in cold chain infrastructure on top priority. Investment in power sector and adoption of power sector reforms at a fast pace is urgently required. Optimum utilization of existing capacity of cold storage should be ensured with enhanced management. Adequate capital subsidy scheme for development of cold storage by government and Public-private-partnership model should be encouraged for infrastructure development. The intention of Government is also positive but requires stringent effort towards implementation of policy as expressed by then Finance Minister, Mr. Pranab Mukherjee, on
FDI policy liberalization and urgent requirement of $ one trillion during the 12th plan period for infrastructure development\textsuperscript{91}.

From the view point of complete supply chain, from farm to the market, the infrastructure for all types of perishable horticulture produce is required at following levels:

i) Specialized cold storage with facility of built in pre-cooling; high humidity and controlled/ modified atmospheres are required for storage of perishable products for a longer period. These specialized storages are essential for extended shelf life of the product without which the requirement of storing the produce to meet the demand in the off season is not feasible;

ii) Components like ripening chambers close to the markets and subsidized display cabinets at retail outlets;

iii) Linkages for conversion of fresh produce in other marketable forms;

iv) Integrated Pack Houses to serve farms in respective production regions. Farms associated with each of the centres would collect farm produce and bring them to common cold storage centres, where these products could be given treatments, such as washing, sorting, grading and packing. These products will then be preserved in the appropriate cold storage. The services of these centres will not only increase the value of the farm product, but will also remove most of the unwanted bio-degradable bio-mass from the perishable products, which can be utilized as farm manure or even as cattle feed and also become the solution for garbage handling in densely populated urban areas.

\textsuperscript{91} Pranab Mukherjee, Finance Minister, “Govt, to Liberalize FDI Policy” Indian Express, Pune, March 5, 2011.
The government should establish small cyber cafes to provide information to small retailers on sale data, price, total incoming produce in mandi etc. This data should be linked with different mandis of area/ city. Small warehouses/ cold stores should be established to keep the unsold items of the day which would carry forward next day by retailers. In the absence of which, the retailer has to wind up their products in bags. Due to this multi-handling, the product gets deteriorated very soon. The normal high temperature is also contributing significantly in the fast spoiling of produce. Permanent selling space should be provided in mandis which can be locked. This will reduce the trans shipment of produce which carry forward to next day. The packing and re-opening of the bags of produce are the major causes of loss thus leading to improper handling. The covered selling space will help in maintaining the moisture content of perishable products which will enhance the self- life of produce.

The Agricultural produce market yards at present lack facilities for handling the produce arriving there. The space for auction platform is less and the number of shops and godowns in the premises is small. It reduces the effective participation of traders. Absence of storage godowns at market level further perpetuates the problems of traders in general and continuous movement of goods in particular. This requires an immediate action by APMC authority for enhancement of SCM.
9.4. **SCOPE FOR FURTHER RESEARCH**

Enormous scope for further research exists in this area as retailing is in a very nascent stage in India. Technological advancement is taking place day-by-day with invention and adoption of information technology in the field of supply chain. Evaluation of supply chain performance in retailing can measured in broader form i.e. on national level. This will further help in reducing the wastage of valuable food stuff. The foreign direct investment is allowed in infrastructure development and logistical advancement requires extensive research on its optimum utilization. The training method, its ways and means- for unorganized retailers / agents/ middleman on reduction of wastage is also interesting subject for research.

Therefore, in order to achieve optimum utilization of benefit with adoption of modern supply chain practices and techniques, the further research is recommended.