



Win-Win strategies in agribusiness management for corporate & farmers

International Conference on Agribusiness and Food Industry in Developing Countries: Opportunities and Challenges

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Flow of the Presentation

- 1. Agribusiness through the decades.
- 2. Emerging Trends
- 3. Opportunities in Agribusiness
- 4. Few Possible models
- 5. Summary



Agribusiness through the decades

- 1950 – 70s** **Import substitution strategy**
(Focus on limited national market needs, inefficient price control, protectionist measures, Pvt. Sector - marginalised, Govt. sector directing capital mobilisation and allocation)
- 1970s** **Signs of economic fatigue and stress**
- 1980 - 90s** **Structural adjustment reforms designed to create private sector investment**
- 2000 onwards** **One world – One market**

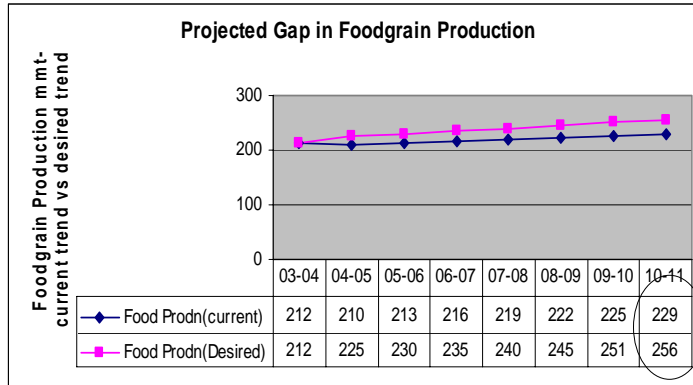


Indian Agriculture Scenario

- **Agriculture - the mainstay of global economics - more so in developing countries like India.**
- **Meeting nutrition requirement of the population with declining available land poses the real challenge .**
- **In India alone, we would be short of 25MMT of food grains by 2010-11 with the present growth rate of food grains production.**
- **Declining growth rate of food production a serious challenge as triple growth rate needed to feed the ever growing population of the country by 2010.**



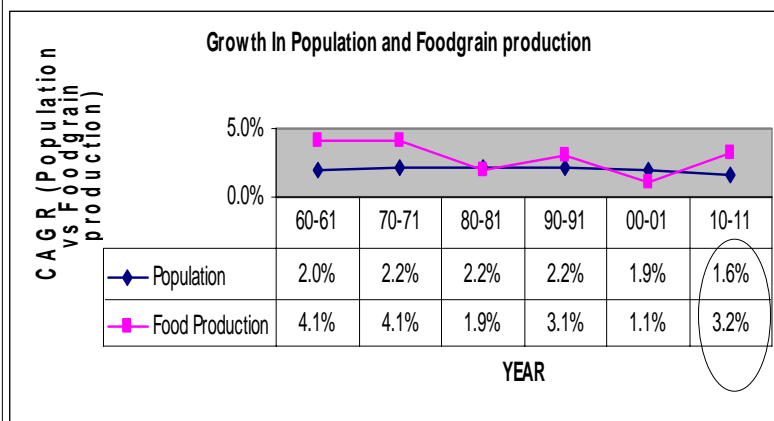
Is Agricultural Revolution failing?



In India we would be short of 27 MMT of food grains by 2010-11
If the present growth rate of food grain production continues.



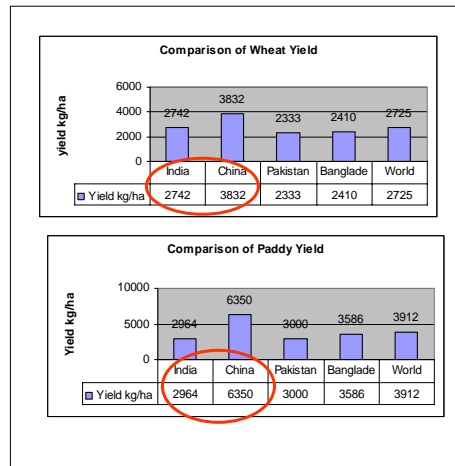
Agricultural Situation



The food growth rate has to be higher than Population growth rate.



Crop Productivities continue to be low



Opportunities for Agribusiness
are unfolding ...



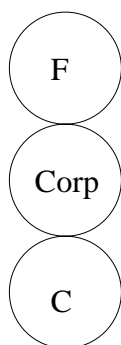
Fork to direct the Farm

- * Demographic and psychographic changes
- * Fast, wholesome, safe, affordable food
- * Consumer food habits in-transition
- * Socio-economic
- * Legal, regulatory

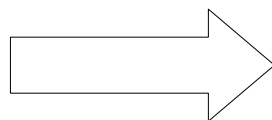
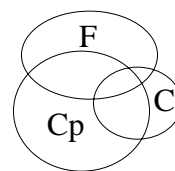


What needs to change?

Existing



Desired

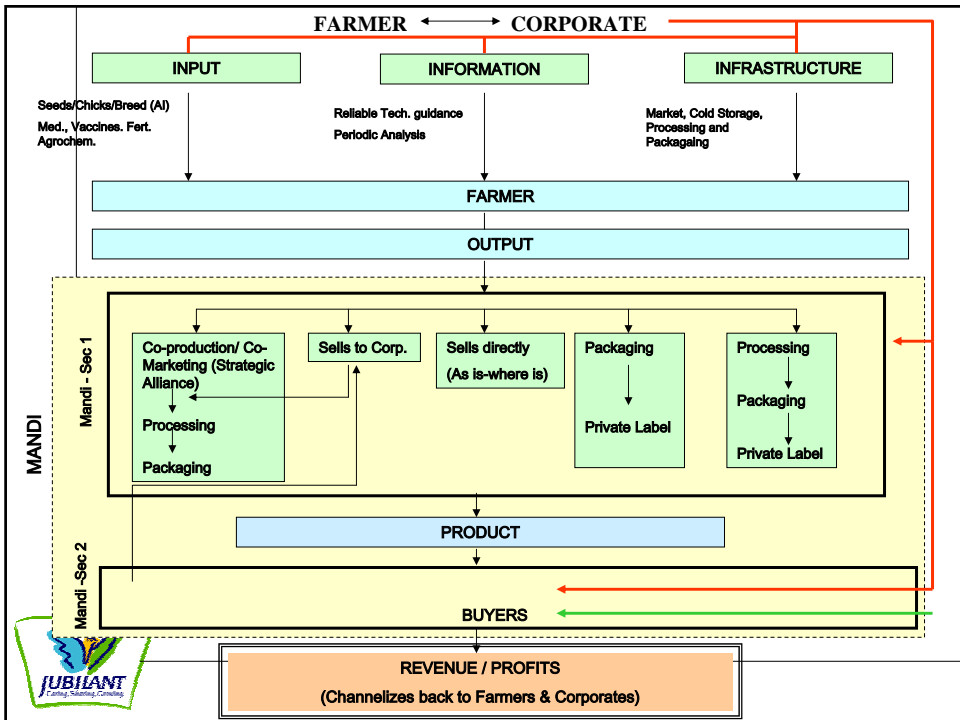


- * Consumer preferences
- * Wide gap between consumer price and farm gate price (3.5 times, without value addition)



Key opportunity area

- * Inputs (Seeds, Nutrition products (fertilizers etc.), Agrochemicals etc.)
- * Farming
- * Processing
- * Services – value addition and customized
- * Channel/ placement/Retailing
- * All opportunities to be evaluated based on
 - Time to start
 - Investment required
 - Return values
 - Alignment with current business
 - Requirements of Govt. approvals (Licensing etc., if required)

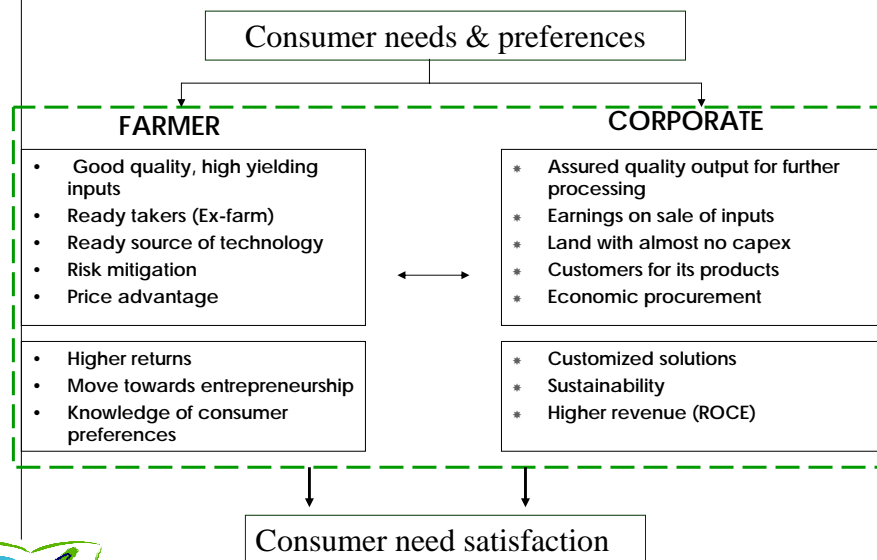


Few suggested models

- * **Win-Win Mandi Model**
- * **Integrated Value Addition Model**
- * **Agricultural franchising model**

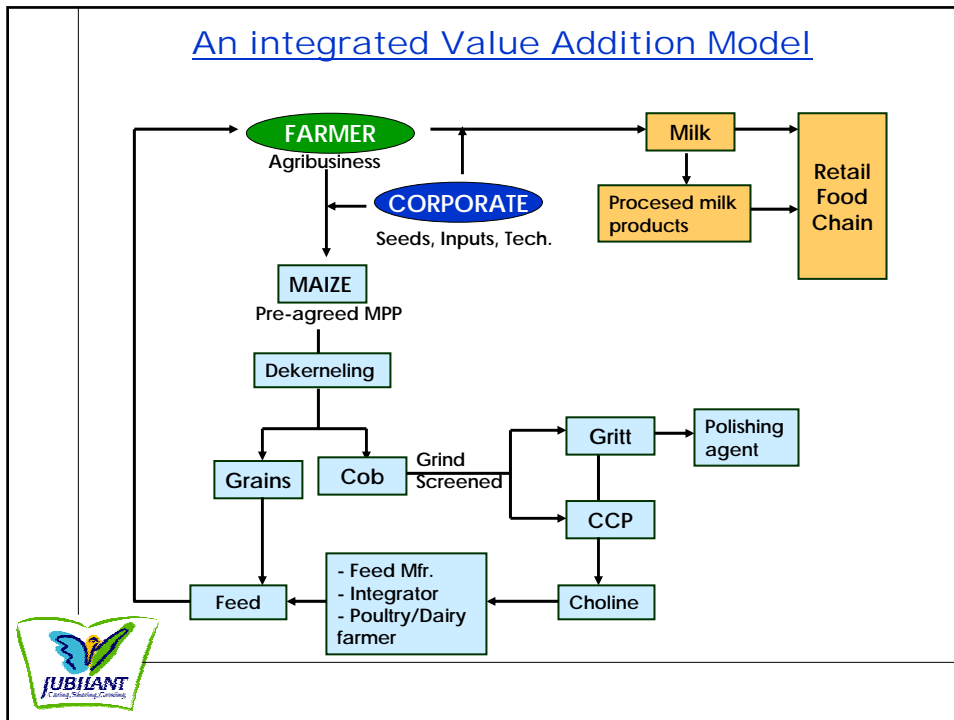


CUSTOMER ORIENTED AGRI PARTNERSHIP (COAP)

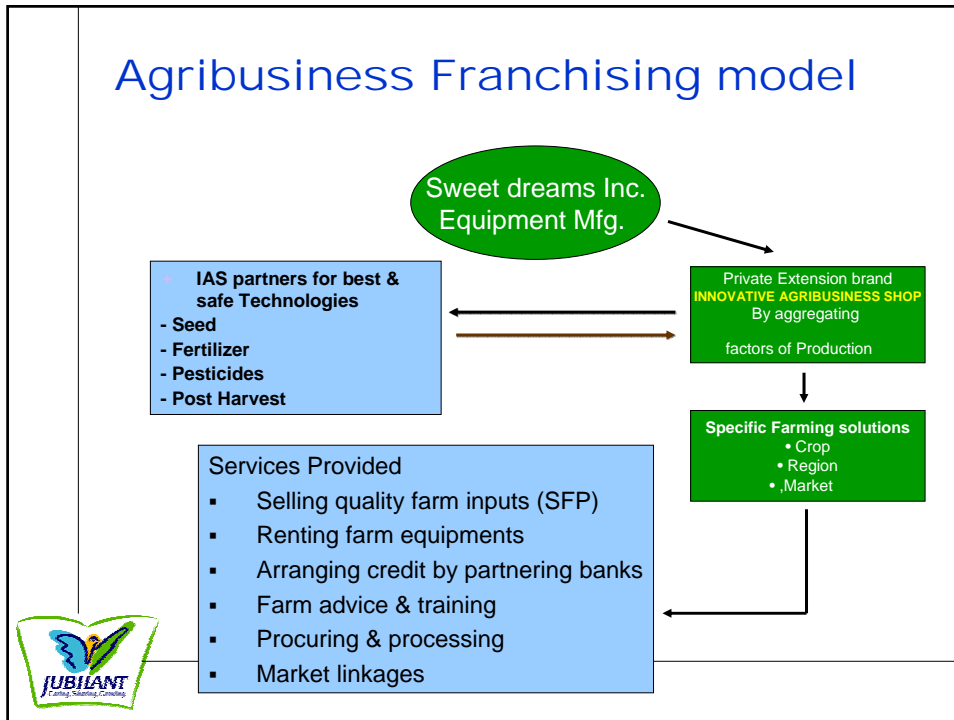


Supplier-Buyer relationship to Strategic partnership

An integrated Value Addition Model



Agribusiness Franchising model



Corporate to enable stakeholders' Needs

Consumers of Agri produce

- Low residues
- Traceability / Transparency
- Better Nutritional value
- Longer storability
- Knowledge
- Cheaper price for agri produce
- Remedial rights

Corporate

- * Integrating technologies, offering it as a package to the farmers
- * Squeezing out the value loses across the value chain during growing, procurement & processing. Sharing it with consumers and farmers
- * Creating infrastructure closer to the farm
- * Providing centralised market access
- * Leveraging IT
- * Consumer health
- * Farmer entrepreneurship
- * Corporate farming using farmer as implementer

Farmer

- * Lower cost of inputs/favorable cost benefit ratio
- * Low pollution
- * Precision
- * Safety for user
- * Knowledge
- * Easy Availability
- * Consistently good Quality
- * Credit
- * Better value for his produce



Key Strategies at National Levels

- * Develops National comparative advantage &
- * Establish appropriate policy framework & mutually supporting linkages and other sectors
- * Develop necessary Mgt. & Mktg. skills & support system
- * Establish comprehensive rural financial markets
- * Create market driven agricultural technologies for achieving growth
- * Utilise national response management practices to enhance sustainable use
- * Develop alternate investment, growth and start to expand rural well being.



Summary

- * Indian Agribusiness is at an interesting crossroad facing huge growth opportunities.
- * It must gear up for and facilitate agriculture revolution through farmer – corporate partnership.
- * Focus and market orientation is must. Reduce loss through bringing all operations on single platform
- * Need for wealth creation for farmers & investors
- * Infrastructure development critical
- * Commitment and discipline could provide Global leadership.
- * Transformation from Seller – buyer relation to Strategic Partnership between corporate and farmer for a win –win outcome



Thanks

