

# Chapter 3

## A Collectivization Approach to Agricultural Supply and Value Chains

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### ABSTRACT

*Since agriculture as an enterprise can sustain, only if it can yield net positive returns in favour of the farmer-producers, robustness of agricultural value chains assumes critical importance and this is feasible when efficient scales of operations support the system. In the given context of predominance of small & marginal farmers, the solution lies in promoting collectives of farmers and enabling aggregation of produce. It is in this context that the Government has consciously adopted the approach of farmers' mobilisation and aggregation of agri-produce, which will bring in efficiency of higher scale and facilitate the nation's commitment to establishing robust supply chains*

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## 1. INTRODUCTION

Following the October 2021 supply chain summit convened by the United States (US) President Joe Biden, in 2022, a group of 18 economies, including India, the US, and the European Union (EU) came together to unveil a four-point roadmap to build collective long-term supply chains. The roadmap is guided by the global principles of transparency, diversification, sustainability, and security. In June 2024, India took another step forward by signing the Indo-Pacific Economic Framework for Prosperity Agreement (IPEFPA) relating to Supply Chain (an initiative of 14 member-countries). Further, India is also part of the Supply Chain Resilience Initiative (SCRI) with Japan and Australia to promote collective, long-term resilient supply chains based on international partnerships. The Commerce Secretary to the Government of India has reiterated that “India, with its skilled manpower, natural resources, and policy support aims to become a major player in the global supply chain.”

Now that India has envisioned to establish itself as a developed economy by 2047, and has been taking firm steps towards its realisation, one critical initiative that will be integral to the new paradigm is the strengthening of the diverse supply chains across a basket of commodities to create its own niche in the global trade. Considering the continued predominance of agriculture from the perspective of high dependence of the working population on it for livelihood at more than 45 percent, enhancing the efficiency of the primary sector assumes critical importance in the nation’s developmental strategy. Monetization of the growing magnitude of agricultural produce optimally, with a view to rendering the agriculture sector profitable, and simultaneously enabling the farmer-producers to benefiting from optimal share in the value captured thereof, calls for building robust domestic and global supply chains. This is a pre-requisite to upgrading of the current low share (around 17 percent) of agriculture in the nation’s Gross Value Added (GVA).

Since independence, and with the commencement of the first five-year plan in 1951, the country has focussed on agriculture. With the adoption of the Green Revolution strategy in 1965, the country has seen more wholesome interventions to promote an integrated food system, but is yet to blossom completely. Further, over the last 75 years, the country’s agricultural production basket has seen diversification across all the sub-sectors, even while some produce-anomalies exist, either as surplus or deficit vis-à-vis the domestic demand. Additionally, there is a recognition that the robust agricultural growth has not yielded proportionate incomes for the farmer-producers on account of inadequacies relating to post-harvest management, causing sub-par monetization. Responding to the new paradox and keeping in mind the welfare of the farming community, the government has adopted income

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