



E-AGRIBUSINESS

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PGPABM-2nd year

E-Commerce is a technological innovation with profound implication for the agricultural sector. It provides an extraordinary opportunity to transform the strength of the companies, improves competitiveness and fuels innovation, to open up alternate distribution channels and to create an entirely new cost structure for the agri business companies. E-Commerce can be seen through the value-chain lens-“WWW-era technologies” to permit the seamless integration of information, communication and logistical technology along the entire value chain of business processes from the suppliers of raw goods and services to final customers.

Evolution of E-Agribusiness

The evolution of e-commerce in the agribusiness sector is picking up slowly due to certain factors such as rate of adoption of internet by producers as well as consumers as a business tool; their scale of operations and the size of the market. Evidence suggests that producers with large-scale operations are migrating online. Another factor is the magnitude of the benefits accruing to participants in e-commerce. Although it is probably too early to tell which model will dominate, online companies have the potential to become vast hubs of

economic activity linking the supply chain within a vertical industry segment and connecting with horizontal supply chains operating across industries. In the process some of the third party e-agribusiness sites are likely to fail because of strategic and operational constraints, inefficiencies in operation or shortage of capital. E-commerce is not just business but more about strategy than technology. The current dot.coms could be replaced by business that have integrated the Internet into their strategy and achieve real financial returns.

It does certainly appear that the foundation “bricks”(traditional agriculture) of agriculture are beginning to view e-commerce as a business imperative. The traditional agribusiness companies have strong market share positions as incumbents and some are determined to fight to retain their customers. After a slow start in the e-commerce arena, there has been a flood of announcements from traditional agricultural companies regarding the creation or unveiling of B2B strategy. Some companies with significant market share as buyers are also establishing procurement sites. Live examples that can be quoted here are the e-choupal of ITC and procurement sites of Cadbury India Ltd.

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INAUGURATION OF 10TH BATCH PGPABM @ MANAGE

The inaugural function of the 10th batch (2005-07) PGPABM @ MANAGE was celebrated by lighting of the lamp by Shri K. V. Satyanarayana, IAS, Director General, MANAGE on 11th July, 2005. The batch comprises of 35 students drawn from across the country.

MOMENTS OF PRIDE

‘MERA GAON – MERA DESH – BUSINESS PLAN CONTEST’ MANAGE, Hyderabad team won second prize

The team ‘VISTAR’ with Mr.Amit Singh, Ms.Jhuma Kundu and Mr.Mukesh Kumar from PGPABM at MANAGE, pioneer in agri-business schools won the second prize of Rs.4.50 lakhs in the grand finale of the business plan contest ‘Mera Gaon – Mera Desh’ sponsored by the prestigious business house – ITC Limited for the students from national and international business schools held at ITC Sonar Bangla, Kolkata on January 15, 2005. Students from IIMs and reputed business schools including Michigan Business School participated in the event.



(from pg 1)

B2B and E-Commerce

Where is B2B Commerce likely to play a major role? The potential for B2B e-Commerce is greater in industries with the following characteristics: a highly diffuse supply chain, pressure to control costs, complex product specifications, processes accounting for at least 20% of total costs and technological innovation is part of the industries culture. The B2B market size in agriculture inputs is so high that it can be broken down into sectors like seed, feed, chemicals, fertilizers, vet supplies and equipments. Agriculture is receptive to B2B e-commerce because the market is fragmented; the supply chain is inefficient, buyers change sellers regularly and the value of the product can be volatile.

Implications

The implications of e-agribusiness can be presented in two alternate views of the future. In all likelihood, the reality will lie somewhere in between.

First the firms that supply inputs to farming will soon be able to work directly with farmers. This will put enormous pressure on those individuals who currently act as middlemen. As this sector adjusts, input costs for products as diverse as crop insurance to seed to chemicals will fall.

Secondly the farmer will establish direct contact with retailers, restaurant chains or even with some consumers.

Once this link is established consumer signals will flow directly to the producers. Some commodity markets will be replaced with branded products from contractually linked segregated identity –preserved production and handling systems.

Conclusions

How internet based e-commerce will transform agribusiness is still indeterminate. Supply chains may become more efficient. Stronger connection between producers and consumers may result in more differentiated products that meet consumer needs. Markets may become more transparent. As the Internet transcends geography the globalization of the sector may become a reality.

Transformation is about change and change creates winners and losers. The winners will be the fast innovators best serving consumers needs, the losers are likely to be those unwilling to catch this powerful technological tool and adopt the trend. As Charles Darwin says, “ It’s not the strongest of the species that survives, nor the most intelligent; it is the one most adaptable to change”.

Build enabling environment for learning

Capacity building is much faster when organisation’s culture encourages flexibility, experimentation and participation. Non-threatening climate and challenging goals increase effectiveness of learning.

- Prof. Udai Pareek

AGRI-RETAILING : REVOLUTIONIZING INDIAN AGRICULTURE

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Retailing is one of the traditional business operations, which has repercussions in all the sectors of the economy. No wonder that retailing has found its way in agriculture too, after a boost in this sector due to economic reforms in the last decade. Owing to increased derived demand of agro inputs and realizing the advantage of an integrated approach, input companies are trying to provide (in addition to conventional offerings) all possible solutions to farmers' field related problems.

The Indian rural market size which includes FMCG, agri inputs and farm machinery is estimated to be about 1,25,000 crores (source : Fertilizer News), 50% of which is contributed by agri inputs. It is expected to increase to two lakh crores in 2005-2007. The companies entering this arena are lured by two factors viz. the vast untapped potential of the rural market and slowly increasing purchasing power of the rural population.

The huge potential of the rural market along with the benefit that can be accrued by organizing the existing fragmented market has led to the concept of organised agri input retailing or 'one stop shops'. Companies like ITC, Rallis, Tata Chemicals, DSCL, and Mahindra & Mahindra have quietly spawned innovative business models to tap this big business opportunity.

'Tata' and 'Mahindra & Mahindra' have ventured into a similar proposition with **hub and spoke** model. The Tata Kisan Vikas Kendras by 'Tata' (Mahindra Krishi Vihar in case of Mahindra & Mahindra's), act as a hub or resource center connected with the various Tata Kisan Kendras (TKKs) under them as spokes. Services offered by the TKKs include – agro input supplies, farm equipment leasing, agronomy services, information, training and other services like-crop insurance, buy-back facility, credit facility etc.

DCM Shriram Consolidated Ltd. (DSCL), has started utility shopping centers called "Hariyali Kisaan Bazaars", which seek to cater to all needs of farmers, under one roof. Significantly, they do not only stock DSCL products but also provide farmers a choice from the entire range of quality products and prices are clearly displayed to ensure complete transparency in business dealing.

ITC through its unique web based portal known as e-choupal is carrying out activities like – dissemination of Information (about scientific farm practices & risk

management, weather forecast, prevailing market price in local and global market etc.), facilitating the sale of farm inputs (now with embedded knowledge) and purchase farm produce from the farmer's doorstep, thus facilitating decision making by farmers based on the latest information.

Taking a step further ITC opened its first rural mall known as Choupal Sagar, one of the first organized retail forays into a hinterland. It offers almost everything – from toothpastes to television, hair oils to motorcycles, mixers-grinders to water pumps, shirts to fertilizers.

Leveraging on their strength in procurement and the confidence they have built for the brand in the minds of farmers, the company has successfully forayed into agri business retailing.

Issues and challenges facing agri-retailing :

Indian Agri business sector has the potential to transform India into the leading agri economy of the world. But there are certain initial challenges that the sector has to win over such as

- ◆ Lack of supply chain integration
- ◆ Sidelining *arhathias* (middlemen) from the value-chain
- ◆ Difficulty in credit recovery and reluctance of farmer in approaching banks
- ◆ Low penetration of 'one stop-shops' (due to huge capital requirement)
- ◆ Efficient buy-back system (purchase of farm output)
- ◆ Efficient compensation delivery system in case of product failure

Opportunities ahead :

At the same time the retailing in Agri business sector has many opportunities via.

- ◆ Government's impetus to private extension services
- ◆ 'One stop – shops' can act as facilitators of micro finance
- ◆ New channel evolved can be used by FMCG and consumer durables
- ◆ Can act as accreditation agency for certifying farmer's produce
- ◆ Customer database can serve as a source of genuine and readily available information

Thus rising from their present status these 'one stop shops' have the potential to aid in the holistic development of rural areas by creating a win-win situation for both the private company venturing in agri-retailing and the rural consumer.

CAMPUS PLACEMENT OF 8th BATCH STUDENTS (2003-2005)

Campus placement was organized for the students of the eighth batch (PGPABM-2003). Final placement offers were made to all the 30 students repeating the success record of 100% placements which was completed within first two days of the placement week ??? January 19-25, 2005. The sectors wherein the students are placed are procurement, seeds, pesticides, fertilizers, supply chain, insurance, banking etc. The companies in which our students joined are as follows.

Sl.No.	Name of the companies
1.	ITC – IBD
2.	ITC – ILTD
3.	ITC-Foods
4.	Dabur India Limited
5.	ICICI Bank
6.	ICICI Lombard *
7.	Advanta India Limited
8.	VKL Spices
9.	Sudarshan Chemicals*
10.	Coromandal Fertilizers
11.	PI Industries *
12.	Bayer CropScience Limited *
13.	DCM Shriram Consolidated Ltd.
14.	Kotak Mahindra *
15.	Radha Krishna Food Land
16.	IDBI Bank *
17.	HDFC Bank *
18.	Haryali Kisan Bazar
	Total

◆ **New Companies**

SUMMER PLACEMENT OF 9th BATCH STUDENTS

Summer placement of 30 students with agri-business companies for taking up summer projects on a topic assigned by the company is done for the first year (9th batch-PGPABM-2004) students for about 8-10 weeks during May and June, 2005. This project carries 10 credits and the guidance and evaluation of these assignments is offered by the project guide from the company.

The agri-business companies in which students took up summer projects include : ITC – IBD, ITC – ILTD, J.K. Seeds, Bayer Crop Science, Sudarshan Chemical Industries, Agro-Tech Limited, Pepsico India Pvt. Holdings Ltd. (Frito-Lay Divn.), Chambal Agri-Tech, IDBI Bank, Biostadt India Limited, Hindustan Lever Limited, Advanta India Limited, Tata Chemicals Limited, Coramandel Fertilizers Limited, Kotak Mahendra Limited, Ranbaxy, Pro-Agro Seeds.

PROFESSIONAL

A Calling

Requiring

Specialised knowledge

And often

Long and intensive preparation

Including instruction in skills and methods

As well as

In the Scientific, historical or scholarly principles

Underlying such skills and methods

Maintaining by force of organization

High standards of

Achievement and conduct

and Committing its members

To continued study

And

To a kind of work

Which has for its prime purpose

the rendering of **public service**

- Webster's dictionary

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