SUPPLY CHAIN MANAGEMENT IN FRESH FRUITS AND VEGETABLES SEGMENT: UNORGANIZED V/S ORGANIZED SECTOR

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ABSTRACT

With the increasing need to assure consumers that the food they intend to consume is safe and nutritious, the food industry is moving away from the traditional means of buying towards a more direct and reliable means of procurement where buyers exert greater control over prices, quality and production methods and unable to respond to the demands of the institutional buyers, most smallholder farmers will become increasingly marginalized. The lack of incentives, the added costs, the lack of knowledge and the inability to make appropriate investments will inevitably result in a dualistic food distribution system where smallholder farmers will face diminishing returns. The present study compares the traditional mandi system with organized retail system along with various parameters like mark-up at each stage, gains of farmer v/s price paid by end consumer, wastage, lead time, and use of IT. The paper suggests that to break away from the commodity trap and to enter higher value markets, smallholder farmers need to consolidate and differentiate to add value to their product offer. A range of support mechanisms will be required to overcome many of the impediments and to facilitate this transition. Comparing unorganized food chain Vs organized food chain the paper shows how supply chain minimizes the cost of vegetables and fruits.