

Chapter 60

An Overview of Fruits and Vegetables' Retail Supply Chain Models in India

Saurav Negi

University of Petroleum and Energy Studies, India

Neeraj Anand

University of Petroleum and Energy Studies, India

ABSTRACT

India is the second largest food producer in the world. Various high temperate Fruits and Vegetables (F&V) are widely grown in Himalayas and Terai region of India. They are important to the various retailers in the plain areas across all the seasons. It has gained its credibility for providing sustainable income, nutritional security and for providing employment opportunities by retailing, both in rural and urban areas. As the population is increasing, demand for fresh F&V are also increasing day by day, but at the same time various issues are hindering the growth of retail sector. This chapter presents an overview of F&V retail supply chain in India as it plays a very vital role in the growth of Indian economy, and is also directly related to the health and happiness of the customers. The different types of retail supply chain models which are currently followed by Indian F&V retail formats/retailers (traditional or unorganized retailers and modern or organized retailers) and various issues related to the retail supply chain of this sector are also discussed in this chapter.

INTRODUCTION

The Indian food retail sector is still in its nascent stage and the economic liberalization policies and globalization had ignited India's economy for faster growth. The Indian industrial growth and liberalized economic policy attracted various global players to India (Saxena & Sahay, 2000). Despite of all these drivers Indian food retail sector is at the crossroads today. A shift between modern and traditional retail sector is apparent, especially in Fruits and Vegetables retailing.

DOI: 10.4018/978-1-7998-0945-6.ch060

Fruits & Vegetables retailing in India is gradually renovating with organized players revisiting their supply chain model at every step of the value chain from farm to fork, in order to restructure it. They are reinventing their logistics and distribution strategies to improve the business and increase the shelf life of the products.

Modern retailing is gaining impetus in India. The trend has picked up pace in food and grocery sector which is the largest category, comprising almost 60 percent of total retail (Bhagat, 2014). Unlike other food segments, the modern/organized retailing in Fruits and Vegetables sector has been a slow mover. The economic liberalization in 1991 flagged the way for organized retailers in Fruits and Vegetables. The entry of organized retailer player like Big Bazaar and Food Bazaar (Future Group), Reliance Fresh, More (A B Group), Heritage Fresh, Safal (Mother Dairy), Nature's Basket (Godrej), etc. have paved the way towards enhancing the organized retailing of fresh produce. But still in India, the major market in retailing of Fruits and Vegetables has been chunked out by unorganized retailers like conventional vendors, hawkers, and peddlers. Operating through Mandis, small roadside kiosks, or pushcarts, they continue to be fiercely competitive and hold over 96 percent of F&V retail (Bhagat, 2014). On the other hand, the extent of modern retail is only up to 3-4 percent of the total fresh retail in India.

The Fruits and Vegetables (F&V) sector has been a driving force in stimulating a healthy growth trend in Indian agriculture. Given the rising share of high value commodities in the total value of agricultural output and their growth potential, this segment is likely to drive agricultural growth in the coming years (ASSOCHAM, 2013). Fruits and Vegetables sector plays a unique role in India's economy by improving the income of the unorganized retailer in rural and urban areas as well as organized retail companies. Retailing of these produce plays a vital role in the prosperity of a nation and is directly linked with the health and happiness of the people.

F&V sector is perhaps the most profitable venture of all the retailing activities as it provides ample employment opportunities and scope to raise the income of the fresh retailers as well as farming community. It also has tremendous potential to push the overall economy's growth.

According to National Horticulture Board, India's contribution in the world production of F&V is about 12.6% and 14% (NHB, 2013). China has the highest share with 21.2% of world's fruit production and 49.5% of world's vegetables production followed by India and Brazil. The country wise production and percentage share of F&V has been shown in Figure 1 and 2.

Trends in Fruits and Vegetables Production and Present Status

India is the second largest food producer in the world, after China and one of the centers of origin of F&V with the total production of 88.977 million metric tonnes of Fruits and 162.897 million metric tonnes of vegetables till the year end 2014 (NHB, 2015). The production of F&V in India has been shown in Figure 3 from the year 1991-2014 which has increased from 28.63 million metric tonnes to 88.97 million metric tonnes in fruits and 58.53 million metric tonnes to 162.89 million metric tonnes in vegetables.

Opportunities for Fruits and Vegetables Retailers

F&V sector has the potential to be a major driver in the growth of India as well as retailing in coming years. Without growing number of retailers and retailing, an economy is certain to become sluggish in growth. F&V retailing plays a very vital role in the growth of rural areas as well as an economy of the

18 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

www.igi-global.com/chapter/an-overview-of-fruits-and-vegetables-retail-supply-chain-models-in-india/239327

Related Content

SMEs in the Face of Crisis: The Supply Chain Risk Management Perspective

Susanne Durst, Lidia Daviesand Wolfgang Dieter Gerstlberger (2022). *Increasing Supply Chain Performance in Digital Society* (pp. 205-220).

www.irma-international.org/chapter/smes-in-the-face-of-crisis/306348

Simulation of Inventory Control System in a Supply Chain Using RFID

Ibrahim Al Kattanand Taha Al Khudairi (2010). *International Journal of Information Systems and Supply Chain Management* (pp. 68-86).

www.irma-international.org/article/simulation-inventory-control-system-supply/39068

Ant Colony Optimization for Solving the Container Stacking Problem: Case of Le Havre (France) Seaport Terminal

Jalel Euchi, Riadh Moussi, Fatma Ndiayeand Adnan Yassine (2016). *International Journal of Applied Logistics* (pp. 81-101).

www.irma-international.org/article/ant-colony-optimization-for-solving-the-container-stacking-problem/168532

An Analysis of the Traveling Speed in the Traveling Hoist Scheduling Problem for Electroplating Processes

José Itzcoatl Gomar-Madriz, Salvador Hernandez-Gonzálezand Jaime Navarrete-Damián (2020). *Handbook of Research on Industrial Applications for Improved Supply Chain Performance* (pp. 404-423).

www.irma-international.org/chapter/an-analysis-of-the-traveling-speed-in-the-traveling-hoist-scheduling-problem-for-electroplating-processes/239061

An Investigation Into the Personal Interaction Items Which Best Explain the Variation in Trust Within Automotive Supply Chains

Aletta Sophia Tolmay (2018). *International Journal of Information Systems and Supply Chain Management* (pp. 77-91).

www.irma-international.org/article/an-investigation-into-the-personal-interaction-items-which-best-explain-the-variation-in-trust-within-automotive-supply-chains/201190