

**A STUDY ON WAREHOUSING AGENCIES IN INDIA****N. Srinivas kumar, Ph.D.** Professor, SRTIST, Nalgonda**Abstract**

Traditionally, warehousing involves the storage of raw material, work-in-process inventory or finished goods in a covered space in the most suitable way for a specific time period. It also adds temporal and spatial significance to the value of the commodity. Storage implies preserving. It is the process of carrying surplus production for future consumption. It includes all types of storage, whether traditional method or scientific methods of storage, whether controlled or ambient and maintained by the private or public agencies. On the other hand, warehousing means scientific facilities for storage of commodities, generally combined with the elements of trade and profit. The storage is, thus, a broader term and warehousing forms a part of it. The study is based on mainly secondary data and for some information primary data was collected through personal interviews of CWC employees. For secondary data CWC annual reports of last three years and internet surfing was used. In achieving food security besides producing enough food grains, proper and adequate storage and maintenance of the produced grain is equally important.

Key words: Warehousing, Agencies, India



Scholarly Research Journal's is licensed Based on a work at www.srjis.com 4.194, 2013 SJIF © SRJIS 2014

INTRODUCTION: Traditionally, warehousing involves the storage of raw material, work-in-process inventory or finished goods in a covered space in the most suitable way for a specific time period. It also adds temporal and spatial significance to the value of the commodity.. With the growing importance of logistics and supply chain management throughout the world, warehousing has emerged as one of the vital component of the supply chain. Food and agricultural marketing includes the movement of agricultural produce from the farm where it is

produced to the consumer or manufacturer. It includes physical handling and transport, initial processing and packaging to simplify sales transactions and to meet the different consumers requirements and strong products over a period of time of meet consumers continual demand. Between production of food grains and its distribution, storage and warehousing is a crucial and an organic link. It is crucial because it makes available food grains to people all through the year, though its production is seasonal. It is an organic link because there should be no gap in the chain of the production reaching the ultimate consumer. Particularly in the case of agricultural crops, which are subjected to the hazards of drought, flood, wind, cold and heat and occasional changes in individual farm plans storage plays a very important role. A well-planned storage facility can bring in a great deal of stability in matter of supply of food grains. It is said that in a good year farms produce, and in the bad year, the storage and warehouses.

In India, warehousing industry is mostly dominated by public sector undertakings viz., Central Warehousing Corporation (CWC), State Warehousing Corporations (SWC), Food Corporation of India (FCI) and others Warehousing activities of CWC include food grain warehouses, custom bonded warehouses, container freight stations, inland clearance depots and air cargo complexes.

Because of advancement in science and technology, agricultural usage of improved seeds, chemical fertilizers, pesticides and improved irrigation facilities, Indian agriculture has transformed itself from subsistence farming to commercial farming throwing up surpluses. Management of these surpluses in a way that will give incentive price to the farmers and their money's worth to the consumers is the task of scientific marketing. Demand for agriculture commodities remains rather steady throughout the year while their supply is seasonal depending on harvesting time. Farmers in villages use various kinds of storage structures such as mud bins, cement bins etc. These are neither adequate nor appropriate to meet the storage requirements of large surpluses for a considerable period of time. Meeting this demand is the challenge of the Central Warehousing Corporation and the State Warehousing Corporations. Warehousing has always been an integral part of marketing, as it is deeply related to agricultural production and it exercises an important economic influence by creating time and place utility. The problems of warehousing shall, therefore, have to be tackled with same zeal as production has been attempted with matching efforts. Increased production should not result in increased wastage.

As per 2011 census India's population is 1.21 billion. Our population will be 1.853 billion by 2050. Therefore the problems of storage, movement and utilization of the food grains will be of equal magnitude. Considerable attention is, no doubt being paid to the imported grains for proper storage. But, the producers stocks, which constitute nearly 75 percent of the total food grain production, have not received adequate attention for proper storage. What is worse is that a developing nation not only produces less, it loses much of its valuable production due to poor and unscientific storage conditions. So, while planning for agricultural development and effective distribution of agricultural commodities, planning for storage and warehousing, should form an integral part. In the present context of food grain trade, it would be worthwhile to properly assess the planning done for food grains trade, its production, its distribution and the present arrangement for storage and warehousing.

STORAGE AND WAREHOUSING: Storage implies preserving. It is the process of carrying surplus production for future consumption. It includes all types of storage, whether traditional method or scientific methods of storage, whether controlled or ambient and maintained by the private or public agencies. On the other hand, warehousing means scientific facilities for storage of commodities, generally combined with the elements of trade and profit. The storage is, thus, a broader term and warehousing forms a part of it.

Warehousing is an economic activity and denotes a dynamic aspect of commercial storage, it provides for safe keeping of goods in an orderly manner at suitable locations for easy retrieval when required for use. Warehousing is a trade involving deposit of goods, merchandise, chattel, commodities and wares in the warehouses for safe custody and return on payment of warehousing charges. The Central and State Warehousing Corporation accept only such commodities for storage as can be stored under the provisions of the Warehousing Corporations Act, 1982 and notifications issued there under (Chibber, 1982).

The developing countries are striving for agricultural, industrial technological and economic growth to improve the standard of living of their people. The establishment of a well-planned network of warehouses is important both for domestic and international trade and public distribution of essential commodities. Warehousing is an essential infrastructure for trade, commerce and physical distribution.

Today in the world of economic flexibility, the manufacturers and distributors, bid for the maximum sales, which leads to intense competition both in price and service. The storage of products at strategic locations for efficient sales promotion and physical distribution is of prime importance. Hence there is a great demand for warehousing-cum-distribution center facilities from the exporters., importers and distributors at important marketing centers. Its necessity arises fundamentally out of lack of co-ordination and adjustment between the time and place of production of goods and the time and place of their consumption. Further the type, size and location of storage would depend in whether it is required for 'Inventory' or 'Transit'. In the international trade, it is necessitated to satisfy customs clearance formalities, pre-shipment fumigation and quarantine requirements, arrival and departure schedules of carriers and vehicles. The demand for storage (both inventory and transit) is essentially a derived demand. It consists of two components.

1. The volume of commodity entering the storage (long-term demand).
2. The duration of its storage (short term demand).

However in actual practice, the demand for storage of commodity is rather inelastic to its price of storage. This is because the cost of storage is very small element in the final price of the commodity. Warehousing is used to describe the business or trade of storage and its prime objective is to profit from storage. It is an important link in the chain of marketing; it serves place and time utility and adds to the place value of goods. These also smoothen out fluctuations in the supply and demand, which are often influenced by natural and political events. Warehousing is an age-old phenomenon, which in modern international context constitutes the dynamic phase of commercial storage and marketing occupied with training of personnel in scientific warehousing techniques. The warehouses can serve as an insurance against different kinds of contingencies. The development of the concept of scientific warehousing in India was due to three factors (Ranganathan, 1986). First, Royal commission on Agriculture (1927) argued that the major defect of the Indian Agricultural Marketing Economy, was derived from the non-availability of the specification in the pattern of cropping and development of transport facilities, fertilizers, irrigation schemes and improved seeds. The need for organized marketing as well as the need for scientific storage became especially relevant in the current Indian economic scene.

The All India Rural Credit Survey Committee set up by the Reserve Bank of India in 1954, reiterated the point-already made by the Royal Commission on Agriculture (1927) for establishing a public warehousing system in India. This committee's recommendation resulted in the enactment of the Agricultural Produce (Development and Warehousing) Corporation's Act, 1956 under which the Central and State Warehousing Corporations were set up in the public sector. The more comprehensive Warehousing Corporations Act replaced it in 1962. The central Warehousing Corporation started functioning during July 1957, August 1958. CWC is operating 4175 Warehouses across the country with a storage capacity of 10.3 million tones providing warehousing services for a wide range of products ranging from agriculture produce to sophisticated industrial products. Warehousing activities of CWS include managing and operating food grain warehouses, industrial warehousing, custom bonded warehouses, container freight stations, inland clearance depots and air cargo complexes. Apart from storage and handling. CWC also offers services in the area of clearing & forwarding, handling & transportations, procurement & distribution, disinfestations services, fumigation services and other ancillary activities.

Warehousing in public sector comprises of three-tier system.

1. Central Warehousing Corporation (CWC) operates in centers of all India importance.
2. State Warehousing Corporations in the respective states of district levels and
3. Co-operatives operate in Taluka and village levels.

Warehousing facilities are necessary to increase the holding capacity of the stocks of the farmers which will enable them to realize higher returns, thereby reducing the price-spread and increasing the producer's share in the consumer's rupee. Hence Warehouse constitutes an important infrastructure for agricultural development. However, agricultural development is a precondition for the Warehouses to be developed.

OBJECTIVES: The specific objectives of the study are as under:

1. To assess the need of warehousing for food grains.
2. To evaluate the quantitative & qualitative aspects of warehousing.,
3. To assess the magnitude of wastage & rotting of food grains due to lack of proper storage.
4. To find out the causes of poor management of warehouses in India.

RESEARCH METHODOLOGY: The study is based on mainly secondary data and for some information primary data was collected through personal interviews of CWC employees. For secondary data CWC annual reports of last three years and internet surfing was used.

RESULTS & DISCUSSION: The study shows that total procurement of food grains in last three years (2008-10) was 400.67 lakh ton, 577.49 lakh ton, 555.08 lakh ton respectively. As compared to procurement the total storage capacity of warehouses (only CWC) was 98.78 lakh Mt in 2008, 105.25 lakh MT in 2009, and 105.98 lakh MT in 2010.

Table 1: Aggregate Food grains Procurement, 2004-2010 (lakh tones)

Year	Rice	Wheat	Coarse grains	Total procurement (Rice+Wheat+Coarse Grains)
2004-05	245.85	167.95	8.27	423.07
2005-06	275.56	147.87	11.51	435.94
2006-07	251.06	92.26	0	343.32
2007-08	287.36	111.28	2.04	400.67
2008-09	336.85	226.89	13.75	577.49
2009-10	297.12*	253.82	4.08*	555.08

**As of 9 July 2010. The reporting cycle for rice is October 1 to September 10.*

***The source of this tables that follow is the Ministry of Finance.*

Table 2: Last Three years capacity of Warehouses of CWC & SWC (in lakh MT)

S.No.	Particulars	CWC As on 31.03.2008	CWC As on 31.03.2009	CWC As on 31.03.2010	SWC on 2008-09	SWC on 2009-10
1	No. of Warehouses	490	499	487	1595	1595
2	Capacity (in lakh T)					
i)	Constructed / owned	67.63	67.6	68.46	122.6	124
ii)	Hired	16.47	23.15	21.32	70.52	77.09
iii)	Open	14.68	14.5	16.2	3.67	8.2
	Total	98.78	105.3	106	196.8	209.3

**The source of this table is Central Warehousing Corporation Annual Reports.*

*** The source of this table is State Warehousing Corporation Annual Reports.*

The above storage capacity was with the CWC and SWC only. FCI also had its own warehouses. SWC operated a network of 1595 warehouses with an aggregate storage capacity of

209.26 lakh MT in 2010 (increased capacity from 2009 i.e. 196.82 lakh MT) whereas FCI has 182.82lak MT storage capacity. Total storage capacity of all three agencies was 498.06 lakh MT in 2010, if we compare it with procurement of 2010 i.e. 555.08 lakh MT, we find that storage capacity was less than procurement by 57.02 MT.

This is the situation when overall storage capacity is only utilized for food grain storage but that is not the real situation. If we see last three years commodity wise utilization of CWC, we find that from the total storage capacity only 27.65 lakh MT storage capacity was used for food grains in 2008, 36.50 MT in 2009 and 43.88 MT in 2010 and remaining capacity was used for storing fertilizers and other things. Same case is with SWC and FCI; they used a part of their storage capacity for food grain storage. This will increase the shortage of storage capacity. This is not only the cause for wastage or rotting of food grains, but also that warehouses do not fully utilize their average capacity. During last three years (i.e. 2008-10) only 73%, 82% and 85% was respective utilization of average capacity, remaining was unutilized (See Table-5). That means there is not only a need to build new warehouses but also need for proper or full utilization of available warehouses.

Table 3: CWC – Commodity-wise utilization (in lakh MT)

S.No.	Particular	As 31.03.2008	on As 31.03.2009	on As 31.03.2010
1	Food grains	27.65	36.5	43.88
2	Fertilizers	3.42	3.41	2.23
3	Others	41.65	41.45	45.76
	Total	72.72	81.36	91.87

**The source of this table is Central Warehousing Corporation Annual Reports.*

CONCLUSION: In achieving food security besides producing enough food grains, proper and adequate storage and maintenance of the produced grain is equally important.

REFERENCE

Kothari C.R.”Research methodoly”New Age publishers,Second Edition,2009.

Annual Report of Central Warehousing Corporation,year 2007-2008.

Report of the Ministry of Finance.