

## Agriculture Commodity Value Chains

### Why in news?

Since agricultural commodity value chains has global significance, the sector is need of government inventions to make it sustainable.

### What is an agricultural commodity of global significance?

- **Agricultural commodity of global significance** - They are the commodity crops that are primarily grown *to be sold on international markets*.
- They are defined based on the level of their orientation towards *international demand and supply* in the form of exports.
  - Example - Soybean, cocoa, coffee, tea, rubber, palm oil, and cotton
- India is one of the leaders of global agricultural commodity trade both as major consumer and producer.
- **Agricultural commodity value chain** - It refers to the entire process involved in the production, processing, distribution and consumption of agricultural commodities.
- It encompasses all the stages and actors involved in bringing agricultural products *from the farm to the end consumer*.

*Agricultural and Processed Food Products Export Development Authority (APEDA) is the apex body responsible for export trade promotion.*

### What impact does it have on global sustainability?

- **Deforestation** - Agricultural production can lead to deforestation, as trees are cleared to make way for crops and livestock.
- **Biodiversity loss** - Conversion of forests to cultivable farms can have a number of negative environmental impacts, including climate change and biodiversity loss.
- **Water pollution** - Agricultural production can lead to freshwater depletion and water pollution, as fertilizers and pesticides run off into waterways.
- **Soil degradation** - Agricultural production can also lead to soil degradation as the soil is depleted of nutrients and organic matter.

### How agriculture commodity value chains can be sustainable?

- **Considering the producer attributes** - For commodity production led by agribusinesses with a global footprint, sector-wide sustainability commitments and standards are needed.
- **Low-cost certification** - Effective and low-cost certification could improve practices throughout the value chain, simultaneously delivering price premiums to producers.

- **Regional efforts** - Regionally, some efforts have led to climate, biodiversity, and livelihood benefits while preserving the ecological heritage in production landscapes.
  - For example, evidence suggests that the introduction of biodiversity-friendly coffee in Karnataka has mitigated human-animal conflicts in the region to a significant extent.
- **Government policies** - Strong governance mechanisms and policies can support the value chains, either by providing subsidies, market access, and infrastructural support.
- Targeted regulation may be used to incentivise agri-businesses to report and reduce the environmental consequences of their supply chain.
- **Working conditions and labour rights** - The marginalized labors must be provided with adequate safety nets in the form of rewards, farm-level flexibility, and robust insurance mechanisms.
- **Understanding the global demand** - India needs to expand its understanding to include commodities that are actively imported, such as oilseeds, whose production is both for domestic and international markets.

*Food and Agriculture Organization (FAO) releases “The State of Agricultural Commodity Markets” report.*

## References

1. [The Hindu | Agri Commodity Value Chain](#)

