

## Rural Marketing and Agricultural Produce in India

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### Introduction

Rural marketing facilitate flow of goods and service from rural producers to urban consumers at possible time with reasonable prices, and agriculture inputs/ consumer goods from urban to rural. Marketing as a function has started much earlier when civilization started but not recognized as marketing. All economy goods are marketed in terms of goods and services (Barter system). Now money is being practiced as a good exchanging medium. The market may be a street, or a small town/ metropolitan city, Developments in infrastructure, transport, and communication facilities has increased the scope of the rural market.

### Environment

The difference between rural and urban markets on the basis of various socio – economic factors, most dominant among them being the source of income, the frequency of receipt of income, the seasonal nature of income and consumption. Rural markets are small, non- contiguous settlement units of village relatively low infrastructure facilitates, low density of population, their life styles also being different. Rural consumers are mostly farmers whose income receipts are dependent on the vagaries of nature.

### Agri-Marketing

Rural population has been increased about 74% of the total population; the demand for products and services has increased a lot in rural areas. Green revolution in the North and white revolution in the West has brought about a new prosperity in the lives of rural people. Government emphasis on rural development has caused significant changes in the rural scenario. Moreover, the special attention given for infrastructure development through the successive Five-year plans has improved the buying and consumption pattern of rural people.

### The Rural Agro – Products

The rural agro-products are

\* Fruits & Vegetables      \* Grains      \* Flowers

### Rural sale products

\* Milk & poultry products      \* Handicrafts and Hand loom products      \* Tribal village products like tamarind, Lac, soapnut etc

Table No:- 1  
Gross Cropped Area By 2009 (Percentage)

Crop	Percentage Area
Sugar Cane	2
Cotton	4
Rice	22
Wheat	13
Other Cereals	19
Pulcess	13
Oil Seeds	15
Others	12
Total	100

Source : Annual report ministry of agricultural (2010)

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More than 40 % of the gross cropped area under non- food grains is under oilseeds. Principally groundnut and rapeseed and mustard, cotton and sugar cane are the other major non- food grain crops.

Vegetables (Share In Production)

Crop	% Of Total Production
Tomato	8
Onion	8
Brinjal	9
Cauliflower	6
Okar	6
Peas	3
Potato	25
Cabbage	6
Other	29
Total	100

Source : Annual report ministry of agricultural (2010)

## Fruits

The major fruits share in total fruit production

Fruit Name	Percentage Of Fruit Production
Banana	27
Apple	2
Citrus	8
Mango	23
Guava	30
Others	37

Source : Annual report ministry of agricultural (2010)

India is the largest producers of mangos and banana in the world, and top ten producers of apples and pineapples. Other fruits, guava, sapota, papaya etc. Area under fruits which was estimated to 1.45 millions hectares in 1970-71 grow slowly and gear up after 1991-92 to 2.8 million hectares.

## Dairy

India is the largest milk producer and processing of milk was largely in the cooperatives sector.

National Dairy Development Board Plan Estimation (2010)

Year 1999	Year 2010
6 lack liters per day sale	34 lack liters per day
9.11 lack liters per day procurement	71 Lack lit per day
174 ml per consumption per day	230 ml per consumption per day

Source : Annual report ministry of agricultural (2010)

Rural marketing depends on agricultural produce, the production is seasonal and the consumption is spread out equalization of demand and supply has to be done. In addition, the raw agricultural produce as marketed by farmers has to be processed by many middlemen. This include collection and assembling, financing, grading and standardization, storage, transportation, wholesaling and retailing these functions performed by village merchants, commission agents, wholesalers, processors etc. These people seek returns

commensuration with their investments of capital, time and labor. As a result, the middlemen get more share of the price than the producers.

### **Types Of Rural Markets**

**Haats /Sandies** (mostly for weekly market for all commodities)

**MANDIS** (mostly for all types of grains)

### **Commodity Specilised Markets**

Nasik for onions and Grapes market, Nagpur for Orange market, Delhi for Apples market, Salem{TN} for Mangoes, Farkka market for potato market and Calcutta / Assam for tea market.

### **Regulated Markets**

There are more than 5000 primary and Secondary Agricultural produce wholesale assembling markets functioning in the country. These markets are meant for the farmers to take their produce for sale. These markets facilitate formers, immediate cash payments. The directorate of state Agricultural Marketing Board or Registrar of cooperative marketing societies is controlling these markets. The market is run by an elected committee comprising of members from the farmers community, commission agents/wholesalers and some government nominees from Directorate of state agriculture / cooperative societies.

### **Cooperative Marketing**

Another major improvement for rural producers is the formation of cooperative societies. Farmer's common interest helped to increase the incomes of the farmers and avoid exploitation of the middlemen. There are about five lack cooperatives working but very few cooperative societies in selected areas like Dairy, sugar, oilseeds, Mahagrape in Maharastra, tomato growers in Punjab etc. succeeded in cooperative processing industry.

### **Problems of Rural Marketing**

The rural market offers a vast untapped potential. It is not that easy to operate in rural market because of several problems and also it is a time consuming affair and it requires considerable investments in terms of evolving appropriate strategies with a view to tackle the problems.

The problems are.

- \* Underdeveloped people and underdeveloped markets
- \* Lack of proper physical communication facilities
- \* Inadequate Media coverage for rural communication
- \* Multi language and Dialects
- \* Market organization & staff

### **Underdeveloped people and underdeveloped markets**

The agricultural technology has tried to develop the people and market in rural areas. Unfortunately, the impact of the technology is not felt uniformly through out the country. Some districts in Punjab, Haryana or Western Uttar Pradesh where rural consumer is somewhat comparable to his urban counterpart, there are large areas and groups of people who have remained beyond the technological breakthrough. In addition, the farmers with small agricultural land holdings have also been unable to take advantage of the new technology.

### **Lack of proper physical communication facilities**

Nearly 50 percent of the villages in the country do not have all weather roads. Physical communication to these villages is highly expensive. Even today, most villages in eastern part of the country are inaccessible during monsoon season.

### **Inadequate Media coverage for rural communication**

A large number of rural families own radios and television sets there are also community radio and T.V sets. These have been used to diffuse agricultural technology to rural areas. However the coverage relating to marketing is inadequate using this aid of Marketing.

### **Multi language and Dialects**

The number of languages and dialects vary from state to state region to region This type of distribution of population warrants appropriate strategies to decide the extent of coverage of rural market.

### **Other Factors Influencing Marketing**

Natural calamities and Market conditions (demand, supply and price). Pests and diseases, Drought or too much rains, Primitive methods of cultivation, lack of proper storage facilities which exposes grain to rain and rats, Grading, Transport, Market Intelligence (up to date market prices to villagers), Long chain of middlemen (Large no. of intermediaries between cultivator and consumer, wholesalers and retailers, Fundamental practices (Market Dealers and Commission Agents get good part of sale of receipts).

### **Major Losers In Agricultural Marketing**

**Small and marginal farmers** , 75% villagers are illiterates or semiliterate, they facing difficulties like proper paper procedures for getting loans and insurance. The farmers facing high interest rates for their credits (Local money lending system). Most of the credit needed for agricultural inputs like seeds, pesticides, and fertilizers.

### **The Major Weakness And Challenges In This Sector**

- \* Traditional mind not to react new ideas.
- \* Agricultural income mostly invested in gold ornaments and weddings.
- \* Low rural literature.
- \* Not persuading new thinking and improved products

### **Emerging Trends In Markets**

#### **On Line Rural Market (INTERNET, NICNET)**

Rural people can use the two-way communication through on – line service for crop information, purchases of Agri-inputs, consumer durable and sale of rural produce online at reasonable price. Farm information online marketing easily accessible in rural areas because of spread of telecommunication facilities all over India. Agricultural information can get through the Internet if each village have small information office

### **Cost Benefit Analysis In This Sector**

Cost benefit can be achieved through development of information technology at the doorsteps of villagers. Most of the rural farmers need price information of agri-produce and inputs. If the information is available farmers can take quick decision where to sell their produce, if the price matches with local market farmers no need to go near by the city and waste of money & time it means farmers can enrich their financial strength.

### **Need Based Production**

Supply plays major role in price of the rural produce, most of the farmers grow crops in particular seasons not through out the year, it causes oversupply in the market and drastic price cut in the agricultural produce. Now the information technology has been improving if the rural people enable to access the rural communication, farmers' awareness can be created about crops and forecasting of future demand, market taste. Farmers can equates their produce to demand and supply, they can create farmers driven market rather than supply driven market. If the need based production system developed not only prices but also storage cost can be saved. It is possible now a days the concept of global village.

### **Market Driven Extension**

Agricultural extension is continuously going through renewal process where the focus includes a whole range of dimensions varying from institutional arrangements, privatization, decentralization, partnership, efficiency and participation. The most important change that influences the extension system is market forces. There is a need for the present extension system to think of the market driven approach, which would cater the demands of farmers.

### **Agro- Processing Industry**

India is the second largest producer of fruits and vegetables in the world with an annual production of more than 110 million tonnes of fruit and vegetable only 1.3 percent of the output is processed by the organised sector commercially, the reason higher consumption in fresh form. However, as the packaging, transportation and processing capacities increase, the market for processed fruits and vegetables is projected to grow at the rate of about 20 % per annum. 100 % export oriented units (EOU) and Joint venture units required improving the processing industry.

### **Kisan Mandi**

There is a need to promote direct agricultural marketing model through retail outlets of farmer's co-operatives in urban areas. The direct link between producers and consumers would work in two ways: one, by enabling farmers to take advantage of the high price and secondly, by putting downward pressure on the retail prices.

## **RECENT DEVELOPMENTS IN TAMILNADU**

Many remote villages now connected to main roads and link roads with the help of innovative technique of grass root development by the people for the people of the people. "**Uzhavar sandhai**" the another development of rural farmers reducing middle men and also cost to the benefit of urban society.

### **The Innovative – " Uzhavar sandhai"**

The recent changes in agricultural produce sale by farmers in **Uzhavar sandhai** leads to direct selling vegetables and other commodities to urban needs. Government of Tamilnadu started **Uzhavar sandhai** all over the state for the purpose of direct selling their produce to urban needs, not only selling of rural produce but also exchange of their ideas each others.

### **Procurement Prices / Support Prices**

These prices are more than minimum prices, which facilitates government bulky procurement for Public Distribution System and maintains buffer stock levels.

Farmer has little control over prices, which are determined by the broad factors of, supply and demand market at large.

### **Suggestions For Sound Agricultural Marketing In India**

- \* Suitable structure of support prices for various farm commodities adjusted from time to time.
- \* Adequate arrangement of agricultural produce on support price if the price falls below the level.
- \* Regulated infrastructure of markets and warehouses, which ensure fair prices
- \* Rural roads must be compliment and coordinate with railways, nearest waterways (port), airports if possible.
- \* The efficient marketing is predominantly influenced by efficient distribution system it means products such ultimate consumer in the quickest time possible at minimum cost.
- \* The development of communication systems appropriate to rural market may cost up to six times as much as reaching an urban market through established media, need rural communication facilities.
- \* The proper packaging technology must be improved.

### **Conclusion**

Considering the emerging issues and challenges, government support is necessary for the development of marketing of agricultural produce. The government may adjust suitable budget allocations to rural infrastructure plans, and proper supervision for effective plan implementation. The core areas like transport, communication, roads, credit institutions, crop insurance for better utilization of land and water at appropriate level. The rural people and markets will definitely develop rural income and reduce poverty, on the whole countries economy will boost at an expected level. MANAGE an extension management institution may provide extension services to rural people in crop information, price information, insurance and credit information by using various media. MANAGE may recommend / advice to central and state governments on suitable infrastructure development, current problems in rural markets and problem solving techniques.

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Indian Journal of Marketing

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