

Focus on Rural Agricultural Marketing

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Abstract:- *Marketing is the pivot of economic development in rural areas. It is an essential component in income and employment generation in farm and non – farm sectors. Since marketing is one of the pre-requisites for income generation, this article attempts to throw some light both on marketing of rural produce to other areas and improving marketing environment within the rural areas.*

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Introduction: Broadly speaking, rural marketing incorporates the marketing of agricultural products, rural industries products and services of many kinds. The trade channels for different types of commodities available in rural areas private, cooperatives, processors, regulated markets and state agencies. In no sense, a social cluster or village economy as a whole can be developed without effective and efficient rural marketing.

Very little attention has been paid in the planning era towards the development of rural marketing. In fact, marketing is a dynamic state of affairs and is part and parcel of the whole economy. Thus production and marketing are the two facets of a coin. Rural marketing constitutes the nerve centre of rural development activities. Rural marketing is a two way marketing process. The content now encompasses not only marketing of products which flow to rural areas, but also products which flow to urban areas from rural areas.

So a broad definition of rural marketing is concerned with the flow of goods and services from urban to rural and vice-versa. In addition, it also includes the marketing in the rural areas.

As the rural marketing is a two-way process, this article attempts to highlight both the aspects. It examines the marketing aspects of rural produce with special reference to agriculture while on, the other

hand it covers and suggests strategies for promoting marketing within the rural areas.

Being the pivot of economic development in rural areas, marketing is an essential components in income and employment generation in farm and non – farm sectors. Since marketing is one of the pre-requisites for income generation, this article attempts to throw some light both on marketing of rural produce to other areas and improving marketing environment within the rural areas.

Marketing of Rural Produce to Other Areas:

The rapid economic growth of any developing country is mainly governed by three factors: increasing food production and other major inputs of industry; increasing the income levels of middle and lower strata of the population and most importantly provision of basic infrastructure and planning a national marketing system and thereby increasing the size of the national market is also essential to integrate the marketing systems with the needs and wants of the consumer with available resources. This is the hallmark of economic development.

As India's major population lives in rural areas and agriculture being their main live hood, major emphasis has been given to agriculture sector. In most of the developing countries development strategies are mostly in and around urban areas while technical advancement and improvement in the agricultural sector is receiving less attention.

In order to promote the marketing increase of the productivity of the farm is imperative. A part from that, innovations in marketing of agricultural products are essential. On the other hand, promoting strategies for marketing of the manufactured goods in the rural areas requires equal attention. This article mainly discusses these objectives.

Factors Affecting Agricultural Productivity:

Regarding the increase of agricultural productivity, farmers should have an access to production inputs, the financial system, the market and agricultural knowledge then only they can improve agricultural productivity. Most of the farmers suffer from loss due to inadequate marketing facilities like non- availability of the inputs, lack of basic infrastructural facilities and price fluctuations etc besides lacking in fundamental knowledge about

advancement in the field of agriculture. A very little proportion of the seeds is being purchased from the outside agencies.

The reasons found were as follows.

1. Lack of knowledge about the seeds i.e. hybrids, high yielding, which are better than the one they are producing.
2. Quality standards of the seeds procured from outside agencies are sometimes very low and variable to such an extent that the farmers cannot venture to purchase the seeds from outside.
3. There exist organizational shortcomings between extension and research agencies. The varieties suitable for the reason are not popular among the farmers due to improper dissemination.
4. Above all, the variation and fluctuations of the procurement prices of the seeds discourage the farmers to go for it. And due to all these reasons, the yield of the crops is affected. The irregularities in the input supply system are affecting the productivity while lack of sufficient other basic infrastructural facilities like transport, storage, distribution, lack of market information etc. are found to be the

major bottlenecks in the marketing system.

Disposal of Surplus Produce:

The expansion of production should always be aided by efficient marketing and distribution of surplus produce to final consumer. The coordination between productive and marketing systems is a pre-condition for a stable progress. It is known fact that technological advancements led to a significant increase in wheat production in Punjab and Haryana but the farmers were stuck in disposing of the surplus due to inadequate transport and storage facilities. This illustrates that the emergence of large domestic production, if unattended by commensurate facilities in terms of credit, storage and transport facilities will increase the load of unsold price and depress the prices.

So, the modern marketing system should advocate the technological improvements in handling and storage of the produce. If we consider peas production in Uttar Pradesh, improved preservation and packaging practice enabled the farmers to go for pea cultivation and also they are assured of guaranteed and stable prices. The marketing facilities have really motivated the farmers.

Likewise is the case in sugarcane also. But these technological changes should be carried out more efficiently by the extension personnel with regard to other crops also.

Need for Other Facilities:

Besides, ensuring efficient coordination between production, transportation, communication and storage facilities, we have to realize the significance of credit financing and the value of market information for decision making. The present government has given a ray of hope as they have allocated considerable share in this budget for the agricultural sector.

NABARD has a crucial role to play in the agricultural financing sector. Another important aspect in the rural marketing is market information. Information regarding production, market arrivals, day-to-day prices, changes in the stock with prices is essential for the farmers in order to equip them to withstand the prevailing situation.

Suggestions for an Effective Infrastructure:

Marketing could play the role of a change agent in the rural sector only if the necessary infrastructure is created and the farmers are assured free access to the fruits

of science and technology. In order to realize these, development of four categories of firms need major attention; they are:

- Farm input supply firms,
- Farm products marketing firms,
- Food processing and distribution firms and
- Facilitative service firms.

Farm Input Supply Firms:

The overall trend indicates that there is an increased consumption of fertilizers, purchase of seeds and utilization of credit. So this trend necessitates not only the capacity expansion of the existing firms and entry of a number of firms, but also trained entrepreneurs and executives with managerial competence. This category of firms covers broad spectrum of inputs like seeds, agricultural chemicals, machinery and spare parts, veterinary medicines, fodder production and distribution, credit and a lot more which are essential for improving the production.

The firm supplies and equipments should be made available at many local points in sufficient quantities so that farmers can use them in proper time. These inputs should be technically effective and of dependable quality, offered at reasonable

prices. Here comes the dominant role of the extension services. The cooperatives and the farmer's service societies have to be involved in the input delivery system.

Minikit distribution of the seeds is necessary to be experimented. Shortage of essential inputs must, therefore, be supplied to the farmer at his doorstep in time and in enough quantity. This is possible only by establishing input firms at the rural level.

Farm Product Marketing Firms:

An efficient marketing system aims at satisfying not only the producers by paying remunerative prices for their produce but also supplying the products to the consumers at reasonable prices. In the context of increased agricultural production, the establishment of a large number of firms, both private and public sector, would be on the increases viz. wholesaling, retailing firms, grading and standardization, export and import, district market committees regulated markets, cooperatives, storage and warehousing organizations, etc.

The combination of increased agriculture output and increased demand for quality food indicates the opportunities for entrepreneurs and executives in the farm product marketing firms. These

entrepreneurs and the executives are to emerge mostly from among the farming community and the non-farming community. Thus, the increased employment generation assures not only higher income but also better income distribution among the rural families.

Food Processing and Distribution Firms:

Processing is a part and parcel of the product marketing. The food processing units especially at farm level are yet to be developed and they are at the infancy stage only. The processing is inevitable in the highly perishable products like milk, fruits, vegetables and also for many cash crops like cashew, sugarcane etc. establishment of processing units are essential.

By these, more particularly women would be benefited if they are properly trained in processing the product at home level. Apart from this, processing units will have significant linkage effect' by promoting new business for service companies, transporters, traders etc.

Facilitative Service Firms:

The services that are normally dealt with are market information, quality control, research and development, finance,

insurance, etc. Under the present national policy framework, these are the potential areas for effective participation of the government. For all these, new ventures, low capital investment and of small-scale nature private enterprises are to be encouraged. In the case of medium capital investments, cooperatives and to some extent private agencies can be involved. In the case of fairly high capital investment, the joint ventures comprising cooperatives and the government may be encouraged.

The Institute – village linkage programme is an innovative scheme, which was started in 1995 as a part of extension services in which technology is assessed and refined through people's participation. As per the extension principle "seeing is believing", the technologies are tested at farmer's level.

Improving Marketing within Rural Areas:

Considering the environment in which the rural market operates and other related problems, it is possible to evolve effective strategies for rural marketing. The strategies discussed here though not universally applicable depend upon product characteristics, the targeted segment of the rural market, the choice of the rural area and

its economic condition. Some of the typical characteristics which will help in rural market segmentation are land holding pattern, irrigation facilities, progressiveness of farmers, cropping pattern; mix of enterprise, education levels proximity to cities/towns, sociological factors, occupation categories.

The small and marginal farmers, agricultural laborer's and artisans form the largest segment in rural market (about 2/3rd) whereas rich farmers constitute about one third of rural market. An appropriate segmentation of the highly heterogeneous rural market and identification of the needs and works of different segments will form the very basis for rural market strategies.

For rural market, it will be ideal to think of strategies from the marketing mix point of view, main strategies are related to product, price, place and promotion which are described as follows.

Product Strategies:

Meaningful product strategies for rural market and rural consumers are discussed here.

Small Unit and Low Priced Packing:

Larger pack sizes are out of reach for rural consumers because of their price and usage habit and this method has been tested by other products like shampoos, biscuits, pickles, Vicks five-gram tins, etc. In the strategy of keeping the low priced packing, the objective is to keep the price low so that the entire rural community can try. This may not be possible in all types of products, but wherever this can be resorted to, the market is bound to expand.

New Product Designs:

A close observation of rural household items indicates the importance of redesigning or modifying the products. The manufacturing and marketing men can think in terms of new product designs specially meant for rural areas keeping their lifestyles in view.

Sturdy Products:

Sturdiness of a product either in terms of weight or appearance is an important fact for rural consumers. The product meant of rural areas should be sturdy enough to stand rough handling and storage. People in rural areas like bright flashy colors such as red, blue, green etc., and feel that products with such colors are

sturdy but they are more concerned with the utility of the item also.

Brand Name:

The rural consumers are more concerned with the utility of the products. The brand name awareness in the rural areas is fairly high. A brand name and /or logo are very essential for rural consumers for it can be easily remembered.

Pricing Strategies:

Pricing strategies are very much linked to product strategies. Some of these strategies are mentioned here.

Low Cost/Cheap Products:

This is a common strategy being adopted widely by many manufacturing and marketing people. Price can be kept low by small unit packing.

Avoid Sophisticated Packing:

Simple package can be adopted which can bring down the cost as it is presently being done in the case of biscuits. Some innovation in packing technology is very necessary for rural markets.

Refill Packs/Reusable Packaging:

Such measures have a significant impact on the rural market. By such technology also the price can be reduced. In addition, the packaging material used should preferably lend itself for reuse in rural areas. An ideal example in this direction can be the packing of fertilizers. Now companies have started packing fertilizers in LDPE or HDPE sacks, which are not only tamper proof but also reusable.

Application of Value Engineering:

This is a technique which can be tried to evolve cheaper products by substituting the costly raw material with the cheaper one, without sacrificing the quality or functional efficiency of the product, for example in food industry, 'Soya protein is expensive while Soya protein is cheaper but the nutrition value is same.

This technique yields itself for application in many engineering or product designed areas so that the price can be kept at an affordable level. These areas have to be explored by manufacturing and marketing men in the context of rural markets. The pricing strategy for rural market will depend upon the scope for reducing the price of the product to suit the rural incomes and at the same time not

compromising with the utility and sturdiness of the product.

Distribution Strategies:

Most manufactures and marketing men do have a distribution arrangement for village with a population for at least 5000 people. While it is essential to formulate specific strategies for distribution in rural areas, the characteristics of the product, its shelf life and other factors have to be kept in mind. The distribution strategies that are specifically designed for rural areas are: through co-operative societies, public distribution system, multi-purpose distribution, distribution up to feeder markets/ mandi towns/ hat/ Jathras/ melas, agricultural input dealers.

Experience has shown that the cooperatives have played a useful role in improving the marketing policies in the regulated markets. The fact, however, remains that these societies command only a small share of the total markets and do not present any challenge to the private trade at most places. The Bharat Cotton Cooperative Marketing Societies set a good example of vertically integrated markets. The cooperative marketing institutions have to introduce the economies in their marketing

operation and provide efficient and comparable services to the customers in competition with the private trade.

Cooperative institutions would do better if the state marketing federations enter into multilevel societies to improve the turnover of their business. Non-governmental organization can anchor a role in concretizing the rural people to form into cooperatives highlighting the possible benefits without been exploited.

Major Areas of Concern on the Rural Marketing Sector:

1. Government should assume a more dynamic role in the field of agricultural marketing that of a strong buffer between global forces and local needs.
2. Emphasize value addition by giving a thrust to agro-processing industries at farm level so that the benefit of value addition is transferred to the producer.
3. There is a need for professionalizing agricultural marketing as a subject of great practical application.
4. Creation of an effective market intelligence network, right from the importer in the global market to the

producer in the remote corner of the rural India.

5. Institutional linkages should be emphasized upon to integrate the markets, for easy movement of goods and also to facilitate the inter-state trade.
6. Regular surveys and analytical studies on agricultural marketing should be conducted, so that appropriate policy adjustments and refinements whenever necessary.
7. Decentralization in the marketing system.
8. To introduced social marketing for bringing about a change in the behavior and attitude through social advertising and social communication. Some fertilizer companies and commercial banks are taking up Village Adoption Programme under the social marketing.
9. A design framework for information technology based Agricultural Marketing Network is essential. Computer installations at State as well as district marketing boards will enhance the availability of trade information.

10. Economic incentives should be offered to the farmers to encourage them during low economic conditions.

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Conclusion: The vital role rural marketing has to play in the economic development of a developing country is beyond doubt as present. The most glaring deficiency in rural economy as evident is in giving the farmers a better deal in terms of institutional and advisory services and practical training. An intensive effort to provide these basic facilities is the need of the hour. Indian agricultural marketing system should be made much more competitive by infusing competition within the country and preventing the external system equation from interfering with the local markets in the larger interests of the nation.

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