



Opportunities In Rural Markets With Special Emphasis On Marketing Of Agriculture Products

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Abstract

The Indian economy has been passing through the trajectory of high growth for several years. It has been seen by this study that the development of rural markets can be formed and improved by the opportunities seen in the selling and purchase of agriculture products. The overall Consumption pattern have an annual compounded growth rate of around 4% for the last 20 years; but it is estimated to grow by over 5% in the next two decades and this is expected to treble by 2025. As per the McKinsey Global Institute forecasts, spending by the rural households would reach the 2008 prevailing in urban India by the year 2017. The Government has also been consolidating its fiscal position, creating a conducive climate for investment activities. Investment demand in the economy is picking up, reflecting the growing dynamism in the industrial sector. The exports have also assumed vibrancy. Employment in the rural segments can be automatic developed by the agricultural products.

Keywords: Rural marketing, agricultural marketing, rural industries products, Contract Farming, NABARD.

Introduction

Broadly 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 at whole can be developed without effective and efficient rural marketing. As the global economic trend has changed and is worst affected by the economic recession the rural market in India provide a wide range of opportunities. The problems of unemployment and mobility of labours can be solved to a large extent by applying the rural marketing of agricultural products.

Agricultural marketing



Agricultural marketing covers the services involved in moving an agricultural product from the farm to the consumer. Numerous interconnected activities are involved in doing this. Agricultural marketing is best carried out by the private sector rather than governments and all stages of the chain must show a profit for the participants. Support to developing countries with agricultural marketing development is carried out by the agricultural marketing section of FAO and various donor organizations. Activities include market information development, marketing extension, training in marketing and infrastructure development. Recent trends have seen the rise of supermarkets and a growing interest in contract farming.

Rural Marketing

Rural Marketing is defined as any marketing activity in which one dominant participant is from a rural area. This implies that rural marketing consists of marketing of inputs(products and services) to the rural market as well as the marketing of outputs from the rural markets to other geographical area. Rural market provides immense potential for growth and expansion in India. Nearly 70% of the population is engaged in agriculture and allied activities. Here the 48% of population in rural areas are considered to be below 20 years of age. From the table given below we can easily conclude that there is market potential of approx.Rs 12,300 billion and the major share after FMCG (Rs.6, 500 billion) is of Agriculture Inputs only (Rs.4, 500 billion). *Rural marketing* is confused with agricultural marketing– the later denotes marketing of produce of the rural areas to the urban consumers or industrial consumers, whereas rural marketing involves delivering manufactured or processed inputs or services to rural producers or consumers.

The estimated market sizes in the rural areas are as follows:

SECTOR	APPROX. ESTIMATION (in billion.)
1.FMCG(fast moving consumer goods)	Rs.6,500 billion
2.Consumer durables	Rs. 500 billion
3.Agriculture Inputs(including tractors)	Rs.4,500 billion
4.Automobiles(two-wheelers and four-wheelers)	Rs.800 billion
TOTAL	Rs.12,300 billion

NABARD

NABARD (National Agriculture) is set up by the Government of India as a development bank with the mandate of facilitating credit flow for promotion and development of agriculture and integrated rural development. The mandate also covers supporting all other allied economic activities in rural areas, promoting sustainable rural development and ushering in prosperity in the rural areas.



With a capital base of Rs 2,000 crore provided by the Government of India and Reserve Bank of India, it operates through its head office at Mumbai, 28 regional offices situated in state capitals and 391 district offices at districts.

Objectives Of The Study:

1. To determine the factors of growth in the rural development.
2. To have an overview of the agricultural products present in rural markets of Madhya Pradesh.
3. To lay the importance of marketing of agriculture products in rural markets and providing the employment opportunities.

Research Methodology:

An exploratory research design was taken into frame. The data collection method was both primary methods through personal interview with the owners of agricultural selling shops and questionnaire designed for the farmers and middle men engaged in farming field. The sampling area was Sagar, Bhopal, Jabalpur, Damoh and Rewa district. The selection of sampling unit was done randomly. The sample size is 150 respondents out of which 50 were the shop owners and managers rest 100 were middlemen and the farmers purchasing the agricultural products. Factor analysis method was taken into the frame and the result was given the factor form. Five factors were taken infrastructure, availability of credit facility, shops availability, promotion schemes, government policies.

Limitations:

1. Response biasness could be one of the limitations.
2. The sample chosen may not be the true representative of the whole population.
3. As the research was exploratory in nature, it was not possible to study the accurate phenomenon of the fact.
4. The fact and figures provided in this project report are based on the data collected from the respondent hence there might be chances of having a little differences from actual.
5. As I have conducted my survey regarding this project in bundelkhand region itself at the same time I got some of the people were not interested in giving information as per the questionnaires.



6. There might be chances of having a little difference from actual data just because all the facts and figure used in this project report are based on the responses of the customers.

Contract Farming:

The Government of India's National Agricultural Policy envisages that private participation will be promoted through contract farming and land leasing arrangements to allow accelerated technology transfer, capital inflow and assured market for crop production, especially of oil seeds, cotton and horticultural crops. National Agricultural Policy of GoI has also recognised contract farming as an important aspect of agri-business and its significance for small farmers. The Inter -Ministerial Task Force on Agricultural Marketing reforms observed that contract farming was becoming increasingly important.

State and Contract Farming matrix

State/ Institution	Nomenclature of the Scheme	Short Details of the Scheme	Benefit to Farmers/Benefit to Private House	States/Districts where it is being implemented
1.CHATTISGARH MSSL Mahindra Krishi Vihars		Supply of quality inputs, technical guidance, buy back of produce at pre decided price.	Assured availability of quality produce in required quantities at pre decided rates	Chhatisgarh
2.Madhya Pradesh				
1. ITC Ltd.	e- Choupal for Soybean &	Information on best	Availability of quality Soybean	MP



	Wheat	agricultural practices Supply of farm inputs Supply of information on weather forecasting Price discovery of commodities	& Wheat at reasonable prices to ITC Ltd. for captive consumption	
2. Hindustan Lever Ltd.	Wheat (Durum & Sharbati wheat)	Supply of farm inputs	Availability of quality wheat at reasonable prices for captive consumption	MP
3. Cargil India Pvt. Ltd.	Wheat (Durum & Sharbati wheat)	Supply of farm inputs	Availability of quality wheat at reasonable prices for captive consumption	MP
4. Rallies India Pvt. Ltd.	Wheat (Durum & Sharbati wheat)	Supply of farm inputs	Availability of quality wheat at reasonable prices for captive consumption	MP
5. Reliance Bio-Sciences Ltd.	Aromatic oils (Lemon grass, Palmarosa, Citronella, Tulsi)	Purchase is affected through traders. No direct benefit to	Availability of aromatic oils for export purposes	MP



		farmers.		
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The Rural Agro – Products:

The rural agro-products which consists of:

- Fruits & Vegetables
- Grains
- Flowers

The fruit and vegetable processing industry in India is highly decentralized having wide capacities. The diverse agro- climatic zones make it possible to grow almost all varieties of fresh fruits and green vegetables in India. India is the second largest producer of fresh vegetables in the world (ranks next to China) and accounts for about 15% of the world's production of vegetables.

Indian floriculture industry has been shifting from traditional flowers to cut flowers for export purposes. The liberalized economy has given an impetus to the Indian entrepreneurs for establishing export oriented floriculture units under controlled climatic conditions. About 60,000 ha area is under floriculture at present. Production flowers are estimated to be 200,000 tonnes of loose flowers and 500 million (numbers) of cut flowers. The most promising area is the dry flower industry. Dried flower and plants have been exported for the last 30 years and today, India is one of the leading countries in the field. In Rajasthan, more than 7,000 tonnes of rose are produced. About 75% of this is exported to West Asian countries in the form of dry petals.

Rural Sale Products

The following are the products which are offered for sale.

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

The Peculiar Characteristics Of Agricultural Produce Are:

- Bulkiness



- Perish ability
- Wide varietal differences
- Dispersed production
- Processing needs for consumption
- Seasonality

Vegetables (share in production)

Of the 456 million tons of vegetable produced in the world, India's share is 59 million tons. All taken together, India's share of the world's vegetable market is 17 per cent. Presently, the horticultural crops covers 13.6 million hectares, i.e. roughly 7 per cent of the gross cropped area and contributes 18-20 per cent of the gross value of India's agricultural output.

CROP	% OF TOTAL PRODUCTION
TOMATO	9
ONION	8
BRINJAL	8
CAULIFLOWER	6
OKAR	7
PEAS	2
POTATO	25
CABBAGE	6
OTHER	29
TOTAL	100

Fruits

The major fruits share in total fruit production

Fruit name	Percentage of fruit Production
BANANA	27
APPLE	2
CITRUA	8
MANGO	23
GUVA	30
OTHERS	37



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 million 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. The concept of White revolution is being once more to be implemented.

National Dairy Development Board Plan Estimation For Year 2011

Year 2010	Year 2011
6 lack liters per day sale	34 lack litters per day
9.11 lack litters per day procurement	71 Lack lit per day
174 ml per consumption per day	230 ml per consumption per day

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.

Handicrafts

India has a rich history of handicrafts that has evolved over the centuries. The entire wealth of timeless Indian handicrafts has survived through ages. The legacy of Indian culture promises everything- beauty, dignity, form and style. The following is the table depicting the products of handicrafts being offered by the Indian Government for further sale and export:

Wood	Stone
Metal	Glass
Paper mache	Grass
Cane and Bamboo	Clay/Teracota/Ceramics
Textile based Soft Products	

Handlooms

Indian textiles, one of the earliest and oldest industry, which came into existence in decades of ascend, is worth playing with billions. The garment industry of India contributes 4 per cent to the Gross Domestic Products and earns 18 per cent of the Net Foreign Exchange. Peeping from the



past, half decade of the 20th century, industry had clubbed more than 34 joint ventures with foreign entrepreneurs. Today the Garment & Accessories prospects are growing rapidly due to significant changes in innovated trends.

Dress Fabrics	Shawls
Home furnishing	Handloom Fashion Accessories

FINDINGS:

1. The factor that had hold on the is infrastructure development it emerged as the strongest factor with the total factor load of 3.90972. The roads are not well maintained and the connectivity is very poor.
2. Government policies is ranked as second and it got the factor load of 2.90670. as the policies changes with the advent of new government so it had an effect on the selling and purchase of agriculture products.
3. Availability of credit facility by the banks both public and private has an influence on the purchase and selling. The factor load was founded 2.76370. it also included the corporate banks and indigenious banks including the micro finance firms running at local level.
4. Shops like E chupal and big framers as well as the showrooms of selling the products and purchase of seeds, fertilizers etc. Have an influence on the products and the attitude of framers. It got a factor load of 1.987070.
5. The least factor was founded to the promotion schemes by the big framers and the companies during the festival season. It was 0.909090. framers have less influence on them.

SUGGESTIONS:

Challenges in Rural Marketing



Though rural markets are a huge attraction to marketers, it is not easy to enter the market and take a sizeable share of the market, in the short time due to the following reasons.

- Low Literacy-There are not enough opportunities for education in rural areas. The literacy level is as low (36%) when compared to all- India average of 52%.
- Seasonal Demand-Demand for goods in rural markets depends upon agricultural situation, as agriculture is the main source of income. Agriculture to a large extent depends upon monsoon and, therefore, the demand or buying capacity is not stable or regular.
- Transportation-Many rural areas are not connected by rail transport. Kacha roads become unserviceable during the monsoon and interior villages get isolated.
- Distribution-An effective distribution system requires village-level shopkeeper, Mandal/ Taluka- level wholesaler or preferred dealer, distributor or stockiest at district level and company-owned depot or consignment distribution at state level. The presence of too many tiers in the distribution system increases the cost of distribution.
- Communication Problems-Facilities such as telephone, fax and telegram are rather poor in rural areas.
- Traditional Life-Life in rural areas is still governed by customs and traditions and people do not easily adapt new practices. For example, even rich and educated class of farmers does not wear jeans or branded shoes.
- Buying Decisions-Rural consumers are cautious in buying and decisions are slow and delayed. They like to give a trial and only after being personally satisfied, do they buy the product.

Illustrative List of Infrastructure Projects by the NABARD for strengthening of agriculture marketing infrastructure:

- Market user common facilities like market yards, platforms for loading, assembling and auctioning of the produce, weighing and mechanical handling equipments, etc.
- Functional Infrastructure for assembling, grading, standardization and quality certification, labelling, packaging, value addition facilities (without changing the product form)
- Infrastructure for Direct Marketing from producers to consumers/processing units/bulk buyers etc.
- Infrastructure for E-trading, market extension and market oriented production planning.
- Mobile infrastructure for post harvest operations viz. grading, packaging, quality testing etc., (excluding transport equipment)

Opportunities:



1. Infrastructure is improving rapidly.
 - In 50 years only 40% villages connected by road, in next 10 years another 30%.
 - More than 90 % villages electrified, though only 44% rural homes have electric connections.
 - Rural telephone density has gone up by 300% in the last 10 years; every 1000+ pop is connected by STD.
2. Social Indicators have improved a lot between 1981 and 2001
 - Number of "pucca" houses doubled from 22% to 41% and "kuccha" houses halved (41% to 23%)
 - Percentage of BPL families declined from 46% to 27%
 - Rural Literacy level improved from 36% to 59%
3. Low penetration rates in rural so there are many marketing opportunities.

Rural marketing and its Significance

In recent years, rural markets have acquired significance in countries like China and India, as the overall growth of the economy has resulted into:

- Substantial increase in the purchasing power of the rural communities.
- On account of the green revolution in India, the rural areas are consuming a large quantity of industrial and urban manufactured products.
- Increase in per capita income.
- Various schemes implemented by the government in rural areas for growth and development supporting the corporate institutes.

CONCLUSION:

The Indian growth story is now spreading itself to India's hinterlands. Rural India, home to about two-thirds of the country's 1 billion population, is not just witnessing an increase in its income but also in consumption and production. The structure of rural markets seems to be in the favour of India's growth. The union budget for 2009-10 hiked the allocation for the National Rural Employment Guarantee Act (NREGA) to US\$ 8.03 billion, giving a further boost to the rural economy. This is in addition to the farmer loan waiver of US\$ 13.86 billion and the ambitious Bharat Nirman Programme with an outlay of US\$ 34.84 billion for improving rural infrastructure. Additionally, the rural economy has not been impacted by the global economic slowdown, according to a recent study by the Rural Marketing Association of India (RMAI). This points out the importance of employment opportunities in the perspective of the economy of the nation. Rural markets can be the source of employment and generation of income resulting in the development of the living standard and nations development.

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