

## Crisis in Agricultural Marketing in India

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The history of Indian agriculture is replete with initiatives dating to way back as 1904 in trying to address the issue of credit and much later around the late 1960s, the issue of production and productivity. Soon after independence, India was primarily a food deficient nation, marketable surplus or efforts to provide appropriate prices to farmers, never occupied the mindspace. The efforts at improving production and productivity popularly called the Green Revolution, started and the late '60s achieved its objectives and towards later part of '70s and early '80s, India became self-sufficient in food. Even then, very little effort was made to address the issue of agricultural marketing. After the reforms initiatives of 1990s which was preceded by an Agricultural Debt Waiver Scheme, agricultural credit remained stagnant. Towards the later part of 1990s, the agricultural credit started improving and focus on agricultural marketing by the Government was largely hinged around creating infrastructure for agricultural marketing / storing and grading. Such an approach facilitated the traders, the big farmers and the agro-processors. The direct benefit did not percolate to the small and marginal farmers who continued to dominate the agricultural scenario. The crisis of agri-marketing in our country is largely because of disaggregated production and lack of proper aggregation of the surplus for transportation and marketing. The chain comprises of multiple stages leaving very little value in the hands of the farmers. It is estimated that not more than 25% to 30% of the retail value is enjoyed by the farmers. The National Commission on farmers had conducted a survey in 2003, which revealed that more than 40% of the farmers would like to abandon farming if they had a choice. This situation has come about because of poor returns currently enjoyed by the farmers and also the awareness created through

satellite television about the sheen and glamour of life in the urban areas. So, unless this crisis of agricultural marketing is resolved, it will ultimately result in a crisis for agriculture itself. The present value chain also results in tremendous wastage estimated to be of the order of 10% to 40% depending on the type of commodity. In horticulture alone, the wastage is estimated to be 40% equaling the entire production of Australia in a single year. Improved methods of post-harvest handling and marketing can achieve an improvement in economic condition of the farmers

Not being from rural background I have tried to understand the problems faced by farmers in agri-marketing. In Gontra, a village in Nadia, brinjal was being sold by farmers at ₹ 12 kg<sup>-1</sup> while in the market about 10 kilometres away the rate was ₹ 18 kg<sup>-1</sup> while the same was being sold in Kolkata markets (retail) at ₹ 40 kg<sup>-1</sup>. Similarly, in a village just half-an-hour from Canning chillies were sold by the farmers at ₹ 10 kg<sup>-1</sup> and the same was sold at Basanti market near Canning at ₹ 30 while in Kolkata it was being sold at ₹ 200 kg<sup>-1</sup>. This triggered a thought in my mind as to why the persons who handle the produce for very short periods and arrange logistics should enjoy such huge spreads. Even the losses due handling and multiple transits in transporting leads to loss of produce.

I had seen a person in Thrissur in Kerala taking orders for meat and fish on the mobile and supplying them to the flats in the vicinity of his area of operation properly cleaned, weighed and packed. I also read about a person who takes orders on website for fish and promises delivery in Kochi, Thiruvananthapuram and New Delhi. I had also seen on the world wide web the website of North Goa farmers club which has farmers posting

the volume produce available for sale from them. Buyers can visit the site and get details of sellers for closing the deals (like [www.olx.in](http://www.olx.in)). There are also sites like [efarmdirect.com](http://efarmdirect.com) (follow on the lines of [bharatmatrimony.com](http://bharatmatrimony.com) providing a platform for buyers and sellers to come together). There are mango growers society which host web pages offering home delivery mangoes at pre-fixed prices plus delivery charges. There are sites which offer to deliver bouquets to the prescribed address for a fee.

The advent of internet marketing using the world wide web seems to be working for a variety of products but these products are standard, factory produced, non-perishable for all practical purposes. The challenge only lies in the payment system and logistics for delivery of the product. These have also evolved over time with payment companies, payment gateways and supply-chain logistics companies and couriers entering the fray.

Why can then we not do something similar with the agricultural commodities. The problem with agricultural commodities is that they are not standard. They are not produced in factories. Even the produce harvested or plucked from the same plant / tree will differ in color, size, shape etc. They are perishable (time limit for different crops vary). The value is inefficient in terms of handling, storage and transportation leading to huge losses estimated to be of the order of 30-40%. Based on this estimate we waste almost production equal to entire horticulture crop of Australia in a year. In study crops like grains, the losses are on account of breakages, changes in moisture, hooking losses and transportation losses.

What can be attempted to cut through the value chain maze in rural areas is to use the modern technology. Computers are

not widely prevalent nor are the rural people computer savvy. These days mobile penetration has improved and is used in almost all villages. The farmers can send SMS of their marketable surplus to the intermediary person or company who is coming forward to resolve the problem of agri-marketing. For eg. TOM 154 to the specified number. The first three character stands for the crop, the next number is the approx number of kilos and third number is the number of days in which the crop can be harvested. This will permit the agri-marketing company to virtually aggregate the produce and approach medium to large volume buyers and close out deals at reasonable prices. Then SMS sent back to the farmers to keep the crop ready for loading in plastic trays supplied to them. The truck can be sent by the company on the desired route to pick up the trays after weighing. The payment will be made by the company on T+0, T+1 or T+2 to the farmers. The buyers has to make payment on receipt of the crop for the crop plus transport. Later the process can be made sophisticated by hosting the offer information on a web site and the buyers indicating their requirements on-line and the logistics is triggered for delivery. The agri-marketing company will collect fees on the turnover from both buyers and sellers which will make him less interested in influencing the prices. If at all, he may be interested in higher prices for larger turnover which will be good for the farmers but kept in check by the discerning buyer who has a commercial operation to sustain.

This will make agricultural more attractive and the farmers will seek methods for improving productivity. The availability will also improve due to reduced wastage