

STRATEGY FOR EFFECTIVE AGRICULTURAL MARKETING EXTENSION TO MEET THE CHALLENGES IN 21ST CENTURY

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As agriculture and Society develops, marketing becomes more important. In subsistence agriculture a farmer will mainly be feeding himself and his neighbours. The local community's taste and requirements are well understood. As the populations of the cities increases, farmers have the added responsibility of feeding not only the rural market but also the growing distant urban markets. Even though, the share of agriculture in India's GDP has declined from over one-third to just one-fourth, the Central Statistical Organisation survey clearly envisages that the share of agricultural enterprises in terms of number and employment is on the rise.

Between 1980-1998, the share of agricultural enterprises rose from 12 percent to 18 percent. The farmer therefore has to take on commercial and marketing skills. The extension agent at the grass root level has high responsibility in developing these among them. Before understanding the concept of marketing and its importance it is imperative to understand the role of farmers in Indian agriculture.

Throes and woes of Indian farmer:

- Small fragmented holdings
- Poor per hectare yields as compared to international standards
- Inferior quality produce
- Market competitiveness and vacuum in the market

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- Poor post harvest and seasonal dependence
- Multiple products in small quantities with heavy wastages
- Selling everything wholesale and buying everything in retail (no holding capacity/storage facilities)
- Distress sale of produce
- Poor bargaining power
- Weak market intelligence
- Everything exploited by commission agents

Marketing

“Marketing involves finding out what customers want and supplying it to them at a profit.”

This description stresses two crucial points that govern marketing i.e. Firstly, the whole marketing process has to be customer oriented. Production must supply customers with what they want (or) need. Secondly, the marketing is a commercial process and is only sustainable, if it provides all the participants with a profit.

Marketing can also be defined as “the series of activities involved in making available services and information, which influence the desired level of production relative to market requirements, and the movement of the product (or commodity) from the point of production to the point of consumption”.

This definition covers the services, which should cover by the extension officer, such as providing information and advice. This role includes:

- (i) Finding out what the customer wants
- (ii) Supplying him at a profit.

The key activity of an extension officer or any public servant concerned with improving agricultural marketing is the commercialization of the rural economy.

Why is marketing important?

The importance of good marketing can be viewed from four different prospective of the national economy, the farmer, the product and the consumer.

Causes for poor marketing of agricultural products in India:

The various causes that led to poor marketing of agricultural products in the country are

- Fluctuations in agriculture prices and supplies (surpluses/scarcities)
- Conflicting interests of farmers, middlemen and consumers
- Under utilisation of resources such as rural godowns, market yards etc.
- Inadequate transportation, communication and information network.
- Imbalance in the spread of internal marketing network as well as in products
- Other factors such as distribution, seasonability, perishability, and enormity of production, storage, lack of processing make the problem of marketing more complex.
- Problem of plenty due to increased agricultural production leads to glut in the market and ultimately fall in price.
- Problem of scanty due to inadequate production, crop failure may finally result in rise in prices.

Among these problems, communication plays a vital role in determining the success or failure of commercialization/ marketing of the agricultural produce in rural India. The extension system in the rural areas should be re-oriented to meet the challenges in 21st century due to globalisation. The following systemic approach will helps the extension officers to a greater extent in increasing the profits of small and marginal farmers in the rural India.

Stages in promoting marketing extension

The various stages involved in promoting the marketing extension in rural India can be depicted in the form of a circle as follows.



Stage I: Audit of local resources and facilities

This involves carrying out an investigation of the area/region/country. The objective is for the extension officer to thoroughly familiarize him/herself with both the problems (or constraints) as well as the opportunities (main selling points of the area). It is very important to speak to farmers. In particular the extension officers should ensure they meet average and small farmers. Generally farmers' have a good understanding of their problems and are delighted to have an opportunity to talk. The extension officer's role is to listen and learn. He/she should try to understand how farmers might react to new ideas and which farmers are likely to be most positive so that, at the end of this stage, the extension officer can have a clear idea of the crops, the marketing system, the individuals and the problems of the area. He/she will also have some idea of the possible solutions, which are worth investigating. The break-even price of delivering produce to the markets should have been calculated.

Stage 2: determining what the market wants in terms of product-now and in future

This is finding out from the market, what product or products are wanted and in what form i.e. customer wants. At this stage one need to know.

Who currently supplies the market? At what times? At what prices? What volumes are sold? How the produce is packed & presented?

All these will help the extension officer in understanding either to increase/start supply to the market and answering all these questions is again a process of information gathering. Opinions of knowledgeable individuals, who are commercially involved with trading, valuable statistics, such as price data/information on the volumes of produce delivered to the market and the self experience of the extension officer helps in getting fruitful information.

Stage 3: The marketing system

The previous stage deals with, what the customer wants in terms of product, while this stage deals with determining what the customer wants in terms of service. In other words finding the best way to work within the existing marketing system. It involves building up an understanding of how produce is distributed and sold and binds the relationships between different sales points in the marketing chain.

In this stage, the extension worker needs to understand :

(i) Produce distribution system:

The product distribution systems not only vary from country to country but also from crop to crop and indeed some times it varies from crop to crop. The extension officer will need to fully understand the marketing system if he is going to be able to make it work for the benefit of farmers.

The most important stage to understand is the first link in the production/marketing chain, that between the farmer and the person to whom he sells. To help understand the system it is very useful to draw up a flow diagram showing different stages in the distribution chain.

(ii) Understanding how the marketing system works:

In this system it is the contractor, who is taking the most risk. Risk and profit are very closely linked. About 30 per cent of the produce, normally that of the larger growers is marketed direct to the wholesale markets. These wealthier farmers are in a better position to absorb the risks involved with marketing the produce themselves. It is completely different in the case of small and big farmers who mostly depends on local commission agents for marketing their produce.

(iii) Marketing margins at various levels:

The proportion of the final retail price that is resumed to the grower arouses much emotion and discussion. Calculating the marketing chains is a very difficult task as it varies depending on the retail price of the product, its perishability, marketing costs (for transport, packaging). For example it is often assumed that the difference between the retail price and wholesale price is the retailer's profit. This is wrong because it fails to take into account the fact that produce is often sold at different prices and that some produce is downgraded or even wasted entirely.

To do this properly the extension officer will need to retrace each step in the marketing chain and establish from each middleman his buying and selling pace. Typically, margins are greatest when the middleman pays a firm price and actually takes ownership of the produce.

(iv) Whole sales & middlemen selection as trade partners:

An important part of the extension officer's work is to identify suitable and reputable middlemen as trading partners. This involves finding out which companies are best equipped and most prepared to trade in the produce from his area. Secondly, he should find out whether these companies have a reputation for integrity and honesty. Discovering this information involves not only having meetings with possible trading partners but also, in effect, taking references about their reputation from other traders.

(v) Information Services:

The producer requires rapid feed back on the state of different markets for knowing information on prices and on the demand of the market in terms of quality and quantity. This information can be used to maximize sales when the market is short and quality demands are not as stringent.

Stage 4: Decision making and agreeing on an action plan:

This involves deciding on what to do by choosing the best course of action. The challenge to the extension worker with special responsibility for marketing is firstly to decide how the marketing problems of the area can be solved. Secondly, he (or) she needs to think through the best way to get advice (or) plans across to the maximum number of farmers.

The two chief functions of an extension officer are:

- (i) To reduce the learning time for an individual farmer to accept a new idea/technique.
- (ii) To increase the number of farmers, who understand the new ideas.

The extension officer can better perform these functions by working with the farmers groups and by helping farmers indirectly through providing guidance and advice to private sector companies and by adopting a project approach. The following four potential activities can help the extension officer to achieve the desired goals

- Giving advice to an individual farmer
- Providing market advice to farmer groups particularly through mass extension methods.
- Providing advice/information to critical individuals, organizations or private- sector companies in the marketing chain whose actions can have a beneficial effect on marketing.
- Adopting a project approach by co-coordinating the activities of a number of different intermediaries in a marketing chain.

Stage 5: Implementation of action plans:

To improve the rural incomes and profitability of small and marginal farmers, the extension officer must understand & work for what is required for them. The suggestions are not comprehensive, each individual situation is different for achieving the goals of improving rural economy and profitability of the farmers, the extension officer must advise the farmers at various stages of crop production besides on marketing aspects like Pre-production advice (Input supply Finance and credit) and Production planning (individual crops selection, selection of range of crops, investment advice etc.)

Stage 6: Review stage:

In this stage the progress will be compared with the action plan drawn. The deviations will be identified and analysed for further modification of the action plan. Based on the deviations the new action plan will be laid and analysed through SWOT analysis. Lesser the deviations from action plan more will be the rate of success and vice versa.

Conclusion

However, no matter how good the preliminary work has been, when a plan is put into action, the unexpected will happen. Allowances for the unexpected should be made. It is advisable to start the project with a pilot stage so that mistakes can be made on a small scale and reamed from. Furthermore, the project must be flexible so that changes can be made in the light of these lessons. Most successful projects will have had to face problems, particularly in the early phases and their success is often a measure of their ability to learn from and overcome the difficulties.