

1. Details of Module and its structure

| Module Detail | |
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| Subject Name | Economics |
| Course Name | Indian Economic Development 01 (Class XI, Semester - 1) |
| Module Name/Title | Rural Development-II: Agricultural Marketing – Part 2 |
| Module Id | keec_10602 |
| Pre-requisites | Knowledge agriculture and allied sector, infrastructure, credit and marketing. |
| Objectives | After going through this lesson, the learners will be able to understand the following: <ul style="list-style-type: none">• Agriculture Marketing• Credit facilities• Diversification of Activities• Organic Farming |
| Keywords | Agriculture Marketing, Sources of Credit, Diversification, Organic Farming |

2. Development Team

| Role | Name | Affiliation |
|---------------------------------|--------------------------------------|---|
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Agriculture Marketing

Agricultural marketing is an important parameter in the context of agricultural growth and overall rural development. Timely and remunerative sale of agricultural products motivates the farmers to put in efforts in all areas of farming. The rational farmers simultaneously keep a watch on their production and sale. Unfortunately in India, agricultural marketing faces certain inherent challenges. Farmers often fail to get fair price of their produce. Moreover, farming in India is very uncertain because of dependence on monsoons. Most of the farmers in India live at the subsistence level.

Agricultural marketing is not simply the sale of agricultural produce but it also involves gathering the produce after harvesting, processing the produce, grading them according to their quality, packaging according to buyers' preferences, storing for future sale, and selling them when they get better prices.

Challenges of Agricultural Marketing

Let us now discuss some of the measures initiated to improve the marketing aspect. The first measure was regulation of markets to create orderly and transparent marketing conditions, which has benefited farmers as well as consumers. However, there is still a need to develop rural periodic markets as regulated market places to realize the full potential of rural markets. Second component is provision of physical infrastructure facilities like roads, railways, warehouses, go-downs, cold storage and processing units. The current infrastructure facilities are quite inadequate to meet the growing demand and need to be improved. Cooperative marketing, in realizing fair prices for farmers' products, is the third aspect of government

initiative. The success of milk cooperatives in transforming the social and economic landscape of Gujarat and some other parts of the country is testimony to the role of cooperatives. However, cooperatives have received a setback during recent past due to inadequate coverage of farmer members, lack of appropriate link between marketing and processing cooperatives and inefficient financial management. The fourth element is the policy instruments like (i) assurance of minimum support prices (MSP) for agricultural products (ii) maintenance of buffer stocks of wheat and rice by Food Corporation of India and (iii) distribution of food grains and sugar through PDS.

These instruments are aimed at protecting the income of the farmers and providing food grains at a subsidised rate to the poor. However, despite government intervention, private trade (by money lenders, rural political elites, big merchants and rich farmers) pre-dominates agricultural markets. The need for government intervention is imminent, particularly when a large share of agricultural products is handled by the private sector. However, there has been a significant progress in recent years in making marketing facilities available to farmers.

Alternative Marketing Channels

Emerging alternative channels of agricultural marketing are a ray of hope to the small and marginal farmers who have been suffering at the hands of middlemen. Direct sale by the farmers to the consumers is one such channel. The states of Punjab, Haryana and Rajasthan are launching this through channels like 'Apni Mandi', 'Big Bazar', the states of Andhra Pradesh and Telangana are launching it through 'Rythu Bazars' (vegetables and fruits markets), the state of Tamil Nadu is launching it through 'Uzhavar Sandies' (farmers' markets) and 'Hadaspar Mandi', Pune. Besides them, direct sales contract with the farmers by the national and multinational companies (like Reliance Retails) is another alternative channel of agricultural marketing. In fact, these companies are offering advance payments to the farmers for the cultivation of the desired quantity of farm products at the pre-determined rates. These systems of marketing would grow with the growth of national and multinational retails. This would not only help expansion of market for the farm products, but also reduce price-risk for the small farmers.

Diversification of Agricultural Activities

Over the period, the rural population in India increased substantially. The increased population cannot be accommodated in agriculture. Decreasing farm size, volatile monsoon, instability in income and poor irrigation facilities force farmers to find alternative sources of income. Labour force in the agricultural sector needs to diversify and find alternate employment opportunities either in agriculture or in other non-farm sectors. This involves (i) diversification of crop production, and (ii) diversification of productive activity

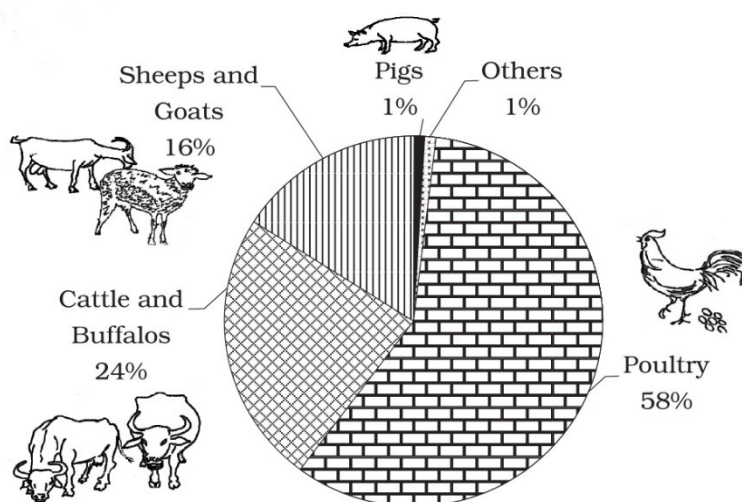
Diversification of crop production means production of a diverse variety of crops rather than one specialised crop. It implies a shift from single cropping system to multi-cropping system, which helps the farmers to raise more option and income. Diversification of productive activity means a shift from crop farming to other areas of productive activity with a view to raising income and exploring alternative sources of sustainable livelihood. Diversification into non-farm activities is important as it would help in reducing the risk associated with agriculture sector, it will also provide sustainable and gainful employment and higher levels of income for rural people to overcome poverty. Thus, there is a need to focus on allied activities, non-farm employment and other emerging alternatives of livelihoods in rural areas. Non-farm activities consist of several segments. The dynamic sub-sectors include **agro-processing industries**, food processing industries, leather industry, tourism etc. These activities have potential, but lack infrastructure and other support. There are also traditional **home based industries** like pottery, crafts, handlooms, soap manufacturing, doll-making, mushroom cultivation and bee-keeping. In many rural areas, these household activities are being promoted by Self-Help Groups, focusing on income generation through employment of women in diverse productive activities at the household level.

Animal Husbandry: In India, the farming community uses the mixed crop-livestock farming system - cattle, goats, fowl are the widely held species. Livestock production provides increases stability in income, food security, transport, fuel and nutrition to the farmers without disrupting other food-producing activities. Livestock sector alone provides alternative livelihood options to over 70 million small and marginal farmers including landless labourers. Poultry accounts for the largest share with 52 percent followed by others in India. Other animals like camels, horses, ponies and mules are in the lowest rung.

Performance of dairy sector over the last three decades has been quite impressive in India. Milk production in the country has increased more than eight times between 1951-2014. This can be attributed mainly to launch of Operation Flood in 1970. It is a movement, whereby all the farmers can pool their milk produce according to different grading (based on quality) and the same is processed and marketed to urban centers through cooperatives. Gujarat state has the success story in the efficient implementation of milk cooperatives, which has been emulated by many states. Eggs, wool and other by products are also emerging as important productive sectors for diversification.

In case of livestock, still the productivity is low as compared to other countries. It can be overcome by promotion of good breeds of animals to raise productivity. Improved veterinary care and better credit facilities to small and marginal farmers and landless labourers would help to raise sustainable livelihood options through livestock production.

Chart 6.1: Distribution of Poultry and Livestock in India, 2012



Source: *Indian Economic Development, Class XI*

In case of **fisheries**, presently fish productions from inland sources (rivers, lakes, natural aquatic ponds, streams etc.) and from the marine sector (sea and oceans) have been on the rise. The budgetary allocations and introduction of new technologies in fisheries and aquaculture, the budgetary allocations and introduction of new technologies have increased progressively. Currently, fish production from inland sources contributes about 64 percent in

the total value of fish production and balance 36 percent comes from the marine sector (sea and oceans). Today fish production accounts for 0.8 percent of the total GDP. In India, West Bengal, Andhra Pradesh, Kerala, Gujarat, Maharashtra and Tamil Nadu are major fish producing states. A large section of fishing families is poor. Unemployment, low per capita earnings, absence of mobility of labour to other sectors and high rate of illiteracy and indebtedness are some of the major problems which the fishing community is facing today. Although women are not involved in active fishing, about 60 percent of the workforce in export marketing and internal marketing are women. There is a need to increase credit facilities through co-operatives and SHGs for fisherwomen to meet the working capital requirements for marketing. There is also a need to regulate and control over fishing and pollution. Welfare programmes need to be enhanced for providing sustained livelihoods.

Horticulture: India is blessed with a varying climate and soil conditions. The country has initiated the growing of diverse horticultural crops such as fruits, vegetables, tuber crops, medicinal and aromatic plants, spices and plantation crops. These crops play an important role in providing food, nutrition, and employment. The period between 1991-2003 is called 'Golden Revolution' because during this period, the planned investment in horticulture became highly productive and the sector emerged as a sustainable livelihood option. India has emerged as a world leader in producing a variety of fruits like mangoes, bananas, coconuts, cashew-nuts and a number of spices. Flower harvesting, nursery maintenance, hybrid seed production and tissue culture, propagation of fruits and flowers and food processing are highly profitable employment opportunities for rural women. Horticulture sector contributes nearly one-third of value of agricultural output and six percent of GDP of India.

Horticulture emerged as a successful livelihood option and needs to be encouraged significantly. It requires investment in infrastructure like electricity, cold storage systems, marketing linkages, small-scale processing units and technology improvement and dissemination. Nevertheless, there has been a significant rise in income levels of the farming community engaged in horticultural production. Shifting to horticultural farming has reduced economic vulnerability of the small and marginal farmers. This has opened up new avenues of employment for the women folk in the rural areas. A significant proportion of the total rural employment is generated by horticulture and allied activities.

Other Sustainable Livelihood Options

Information Technology has revolutionized many sectors on the economy. IT can play a critical role in achieving sustainable development and food security in the twenty-first century. It can help the governments to predict areas of food insecurity and vulnerability using appropriate information and software tools, so that action can be taken to prevent or reduce the likelihood of an emergency. IT sector has an important role in dissemination of information regarding emerging technologies and its applications, prices, weather and soil conditions for growing different crops etc. It also has potential of employment generation in rural areas.

Sustainable Development and Organic Farming

In recent years, the awareness of the harmful effects of chemical based fertilisers and pesticides on our health is rising. Agriculture heavily relies on chemical fertilisers and toxic pesticides etc., which enter the food supply, penetrate the water sources, harm the livestock, deplete the soil and devastate natural eco-systems. Efforts are being made to evolve technologies which are eco-friendly and essential for sustainable development. Organic farming is an example of such eco-friendly technology. It is a system of farming that maintains, enhances and restores the ecological balance. This involves using techniques to achieve good crop yields without harming the natural environment or the people who live and work in it. There is an increasing demand for organically grown food to enhance food safety throughout the world.

Organic farming also provides an opportunity to substitute costlier agricultural inputs (such as HYV seeds, chemical fertilisers, pesticides etc.) with locally produced organic inputs, that are cheaper and thereby generate good returns on investment. Organic agriculture also generates income through exports as the demand for organically grown crop is on a rise. Organically grown food has more nutritional value than chemical farming and is thus healthier. It is also advantageous for a country like India, as being labour-intensive, it can absorb more labour force. The products are pesticide-free and produced in an environmentally sustainable way.

Organic farming, however, requires awareness and willingness on the part of farmers to adopt

a new technology. It has been observed that the yield from organic farming is much less than modern agricultural farming. Thus, small and marginal farmers may not be in a position to adopt it. Marketing is another problem which needs to be addressed, as the organic products have a shorter shelf life.

Conclusion

Thus, there is a need to make rural areas more prosperous by providing opportunities of diversification into allied activities like dairy, poultry, fisheries, horticulture, cottage industries. The rural production centers should be provided better linkage facilities with urban markets. Infrastructure and credit facilities may be facilitated to realize full potential of these activities. Organic farming is the need of the hour, so there is a need to encourage the farming community to adopt it. There is also a need to enhance communication between farmers and government.