

# **AGRICULTURE MARKETING REFORMS- 'STATE EXTENSION WORKS PROGRAMME' (A new era in sustainable development of agriculture)**

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## **ABSTRACT**

The Indian Agricultural sector faces resource constraints, infrastructure constraints, institutional constraints, technology constraints, and policy induced limitations. To achieve sustainable agricultural development, it is essential to combine natural resources, capital resources, institutional resources, and human resources (i.e. to optimally utilize the agricultural resources. Indian agriculture is characterized by lack of strong linkages between production and marketing strategies and inadequate marketing infrastructure. The Ministry of Agriculture, Government of India has reviewed the present system of agricultural marketing in the country and several reforms are being taken in the agriculture-marketing sector.

The main problem that the farmers face is related to the marketing of their produce. Most of the States have 'Agricultural Marketing Act' which forces the individual farmers to sell their produce only to designated agencies and do not allow them to sell in the open market. The marketing in Indian Agriculture is something that has been neglected all this while. To make the agricultural marketing system more vibrant and competitive, Government of India had taken the initiative in this regard by setting up of an Inter Ministerial Task Force on Agricultural Marketing Reforms which recommended amendment to the State APMC Act for promotion of direct marketing and contract farming, development of agricultural markets in private and cooperative sectors, stepping up of pledge financing, expansion of future trading to cover all agricultural markets, introduction of negotiable warehouse receipt system and use of information technology to provide market led extension services to the farmers. Agriculture Extension has scarcely made any significant impact on our agriculture, since not more than 25 per cent of Agriculture technology is reaching the farmers.

## **INTRODUCTION**

Agricultural Sector is the mainstay of the rural Indian economy around which socio-economic privileges and deprivations revolve and any

change in its structure is likely to have a corresponding impact on the existing pattern of Social equity.

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Sustainable Agricultural production depends on the judicious use of natural resources (soil, water, livestock, plant genetic, fisheries, forest, climate, rainfall, and topography) in an acceptable technology management under the prevailing socio-economic infrastructure. The Indian Agricultural sector faces resource constraints, infrastructure constraints, institutional constraints, technology constraints, and policy induced limitations. To achieve sustainable agricultural development, it is essential to combine natural resources, capital resources, institutional resources, and human resources (i.e. to optimally utilize the agricultural resources.

Agriculture is the life blood of our country. The key to our prosperity—and the prosperity of the entire nation—depends critically on transforming and rejuvenating Indian agriculture. The importance of agriculture has many dimensions to it. Not only is it a major segment of our economy, contributing almost a quarter of our GDP, but is also the provider of gainful employment and incomes to the maximum number of people. Given the state of our economy agriculture and the rural economy act as the only social safety net available in rural areas, particularly for those who have no other employable skills.

It is often said that India lives in two different worlds separated; it seems some times by centuries. The reality of a globalised, industrialized India is as true as the reality of the bullock cart and the uneducated farmer. We are today both a developed and a developing nation at the same time. What is alarming, however, is that there seems to have been a neglect of agriculture in the past decade. There is an agricultural crisis, at least in some regions of the country, and no one can deny the fact that Indian agriculture has been performing much below its potential in recent years. If we want to step up the rate of growth of the economy to 7 to 8%, we have to accelerate the rate of growth in agriculture. Unfortunately, there has, in fact,

been a deceleration in the past decade. While the Tenth Plan assumed that agricultural production would grow at the rate of 4.0%, the reality is that in the first three years of the Plan we have not been able to ensure even 1.5% rate of growth. It is to reverse this neglect that our Government stated at the very outset that our priority would be to give a "New Deal To Rural India".

The agriculture sector in our country has flourished over the years due to Government's constant thrust on increasing agriculture production. Still the benefits are not percolating down to the farming community. In general, the farmers continue to live in poverty. More than 75 per cent agricultural producers are small and marginal farmers. The liberalized trade environment has added another dimension to the poverty of farmers, as the resource poor farmers are now uncertain about their future also.

The untapped opportunities that our country possesses reveals that there are several internal and external challenges that inhibit the growth of the Indian agriculture sector and need to be addressed urgently. Extremely advanced forms of agriculture and industry coexist with other forms from a past era. Bridging this gap is the ultimate development challenge of the 21st century. Domestic policies relating to production, **procurement, pricing and distribution, the agricultural marketing system**, inadequate pre- and post-harvest infrastructure facilities; poor quality standards; fragmented land holdings; and, ad hoc export policies are some of the domestic factors that often hamper the growth of the agriculture sector. Similarly, there are external challenges in the form of agricultural markets distorted by subsidies and protectionism in the developed countries.

Indian agriculture is characterized by lack of strong linkages between production and marketing strategies and inadequate marketing infrastructure. The imbalance caused by this has resulted in marketed surplus in case of many

crops. The challenges posed by the surplus crop production and most importantly by the liberalized trade environment globally, can be met only by having a sound agricultural marketing system in our country. It has been realized that agriculture development in our country has to be market driven and responsive to the changed world trade environment. The Government has initiated the process of removing the weaknesses in the prevailing system thereby creating an environment for benefiting from the emerging opportunities to access markets of commodities worldwide. The Ministry of Agriculture, Government of India has reviewed the present system of agricultural marketing in the country and several reforms are being taken in the agriculture-marketing sector.

The main problem that the farmers face is related to the marketing of their produce. Most of the States have 'Agricultural Marketing Act' which forces the individual farmers to sell their produce only to designated agencies and do not allow them to sell in the open market. The marketing in Indian Agriculture is something that has been neglected all this while. For want of proper infrastructure, right kind of processing and grading facilities and backward and forward linkages, the Indian farming community is not able to reach the consumers.

There are many ways by which the farmer may dispose his produce:

- i. To sell away his produce to the village money-lender-cum-trader, who may buy it either on his or as an agent of a bigger merchant of the neighbouring town.
- ii. To dispose of his produce in the weekly village markets
- iii. To sell off the produce through the mandis in small and large towns. These mandis may be located at a distance of several miles and, thus the farmer has to make soocial efforts to carry his produce to the mandi, there are 'Dalals' who help the farmers to dispose of

their produce to the wholesalers known as 'arhatiyas'. The wholesalers then dispose the produce to the retailers.

## **DEFECTS OF AGRICULTURAL MARKETING IN INDIA**

The position of agricultural marketing in India is deplorable. The Indian farmer is very poor, illiterate and ignorant.

- First of all he does not have facilities for storing his produce. The storage facilities which are available at present are so poor that 10 to 20 per cent of the produce is eaten away by rats.
- The average farmer is so poor and indebted that he does not have holding capacity and is forced to sell his output to the moneylender or to the trader to clear his debts.
- The number of intermediaries and middlemen between the farmer and the consumer is too many and the margin is too large.
- The farmers do not get information about the ruling prices in the big markets.

To make the agricultural marketing system more vibrant and competitive, Government of India had taken the initiative in this regard by setting up of an Inter Ministerial Task Force on Agricultural Marketing Reforms which recommended amendment to the State APMC Act for promotion of direct marketing and contract farming, development of agricultural markets in private and cooperative sectors, stepping up of pledge financing, expansion of future trading to cover all agricultural markets, introduction of negotiable warehouse receipt system and use of information technology to provide market led extension services to the farmers. In order to guide the States in the implementation of suggested reforms, Central Government had now drafted a Model Act on Agricultural Marketing which inter-alia provided for the **establishment of direct purchase centers**

**and farmers' markets for direct sale to consumers**, complete transparency in the pricing system, and payment to farmers on the same day, public private partnership for professional management of existing markets and setting up of Market Standards Bureau for promotion of standardization, grading and quality certification of produce. The Model Act and the suggested reforms were discussed at the national conference of State Agriculture Ministers held on 7<sup>th</sup> January 2004 at New Delhi and on 19<sup>th</sup> November 2004 at Bangalore.

## **AGRICULTURE EXTENSION REFORMS**

Agriculture Extension has scarcely made any significant impact on our agriculture, since not more than 25 per cent of Agriculture technology is reaching the farmers. Though increased Mass Media Support to Agriculture Extension is being provided, there is still a need for revamping the extension machinery to make it more farmer-oriented and accessible to them. The village-level workers and community block based extension system should be revitalised and strengthened and made more responsive to the changing needs of the times. Village Panchayats / Farmers' organizations should be made to play a critical role in the effective transfer of agricultural technology.

## **STATE EXTENSION WORKS PROGRAMMES**

This new Scheme has been approved on 29th March 2005. The scheme aims at making extension system farmer driven and farmer accountable by way of new institutional arrangements for technology dissemination in the form of an Agricultural Technology Management Agency (ATMA) at district level to operationalise the extension reforms. The release of funds will be based on State Extension Work Plans (SEWPs) prepared by the State

Governments. It is proposed to cover 252 districts across all the States/UTs in the country.

## **MASS MEDIA SUPPORT TO AGRICULTURE EXTENSION**

Mass Media Support to Agriculture Extension is focusing on two initiatives. The first is use of Doordarshan infrastructure for providing agriculture related information and knowledge to the farming community. 180 Narrow casting Centres, 18 Regional Centres and 1 National Centre of Doordarshan Kendras would telecast agricultural programmes during specific hours. The second component of the mass media initiative is use of 96 FM Transmitter of AIR to broadcast area specific agricultural programme.

## **PRICE SUPPORT FOR FARMERS**

In order to provide remunerative prices to farmers, the Government of India, on the recommendation of the Commission on Agricultural Cost and Prices (CACP), which is an autonomous body, announces the **Minimum Support Price (MSP)** for each crop season for 25 major agricultural commodities.

The Government should ensure that the MSP is fixed slightly higher than the cost price recommended by the State Governments, which in turn is based on the actual experience of agriculturists as well as the considered views of universities and experts so that the farming community, which gives employment to 60 per cent of the people of this country gets a fair deal. The Committee further recommends that more agricultural commodities, particularly those recommended by the State Governments, should be brought within the fold of MSP. The Committee also desires that the procurement centers should start functioning by the time crop is ready.

## **HARIYALI KISAAN BAZAAR**

"Hariyali Kisaan Bazaar" is a pioneering micro level effort, which is creating a far-reaching positive impact in bringing a qualitative change and revolutionizing the farming sector in India. It is also an example of how well meaning corporates can contribute to development of agriculture by building sustainable business models. The key constraints of the Indian farming sector, being addressed by "Hariyali" are:

- Lack of last mile delivery mechanism of modern agriculture know-how & practices.
- Lack of availability of critical good quality agri-inputs.
- "Middlemen" driven farmer interface.
- High cost credit.
- Lack of direct access to buyers of varied & high value crops.

The "Hariyali Kisaan Bazaar" chain, seeks to empower the farmer by setting up centres, which provide all encompassing solutions to the farmers under one roof. Each "Hariyali Kisaan Bazaar" centre operates in a catchment of about 20 kms. A typical centre caters to agricultural land of about 50000-70000 acres and impacts the life of approx. 15000 farmers. Each centre is engaged in:

- **Bridging the last mile:** Provides handholding to improve the quality of agriculture in the area. Provides support through a team of qualified agronomists based at the centre.
- **Quality Agri-Inputs:** Provides a complete range of good quality, multi-brand agri inputs like fertilizers, seeds, pesticides, farm implements & tools, veterinary products, animal feed, irrigation items and other key inputs like diesel, petrol at fair prices.
- **Financial Services:** Provides access to modern retail banking & farm credit at reasonable rates of interest, through simplified and transparent processes as also other financial services like insurance etc.

- **Farm Output Services:** Farm produce buyback opportunities, access to new markets & output related services.

In the near future, Hariyali Kisaan Bazaars plan to move beyond agriculture to meet the other needs of farmers as customers.

## **FARMERS' RESPONSE**

So far, 33 "Hariyali" Stores have been set up in different states across North India. Farmer response has been extremely encouraging. The centres are attracting 150-200 farmers a day. Wherever the centres have come up, farmers are already calling Hariyali their most 'trusted' and 'reliable' partner in agriculture. Farmers love the freedom of choice and the various avenues of cropping opened for them by these centres. The ground-level agri-support is already yielding results in the farmer's fields. Whether it is adoption rate of high yielding seeds, right doses of fertilization, productivity of cattle-feed, moisture conservation measures, adoption of new crops/allied occupations or adoption of new technologies like zero tillage, the farmers in catchment of Hariyali centres are already way ahead of the national averages.

## **FUTURE PLANS**

Hariyali Kisaan Bazaar has plans to rapidly scale up the operations & create a national footprint covering all the major agricultural markets of the country. This would mean catering to cultivable land of over 30 million acres and touching the lives of over 10 million farmers

## **KISAN CALL CENTRE**

These Centres operate through toll free lines throughout the country and provide expert advice to the farmers. A country wide common four digit number 1551 has been allocated to these Centers. 13 such centers located at different places cover farmer's queries from all over the country. Around 8 lakh calls have been

received in these centers since inception of these Centres operate through toll free lines throughout the country and provide expert scheme in January 2004.

### **FARM INFORMATION SUPPORT PROGRAMMES**

Farm Information Support is provided to supplement States/Agricultural Universities efforts. These include organizations of regional fairs and exhibitions, support to State Agricultural Universities for print media and Kisan Melas and support to National Productivity Council for productivity awards to agricultural and allied sectors.

### **PRIVATE SECTOR NEW INITIATIVES IN AGRICULTURAL MARKETING & DISTRIBUTION**

- ITC 'E-CHAUPAL'
- Haryali Kisaan Bazaar
- Mahindra Shubh Labh
- Cargill Farm Gate Business
- Tata Kisan Sansar

In spite of these initiatives, yet a lot have to be done, in the sphere of agricultural marketing. Marketing societies need to be more closely intertwined with other societies dealing with farming etc. There is a need to further diversify the activities of marketing societies. It is required

that all the operations collections and storage of produce, transportation, grading, sale, etc. should be taken by the marketing societies themselves. To strengthen these societies they should be provided with larger financial resources and more societies should be established in the remote areas. This would be of great help to the producer as well as to the consumers.

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