

# An investigation into the marketing approaches employed in rural areas pertaining to the agricultural industry: A theoretical analysis

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**Abstract** - According to the 2011 census, this industry employs 54.6% of the country's workers. Furthermore, it is responsible for 17% of the country's gross value added in 2015-16, based on current prices and the 2011-12 data. India recently contributed for 7.8% of total world agricultural production, with the agricultural industry contributing 6.1% to the Indian GDP.

India is a nation with a varied spectrum of cultural, ecological, and economic characteristics. The agricultural sector includes a wide range of production patterns and operational tasks.

This study is qualitative in character and descriptive in form, using theoretical analysis to investigate the marketing strategy of the agricultural industry in the rural parts of India. According to the findings of various research, the absence of small-scale farmers in supply chain channels may be due to a lack of information regarding storage practises and facilities. They had no idea how much their crops would yield, how to properly store and preserve them, how to assess and maintain their quality, or anything else.

**Keywords** - Agriculture productivity, Rural marketing, and Indian agriculture marketing

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## INTRODUCTION

The agricultural and allied sectors are significantly contributing to the growth and development of the Indian economy. The agricultural sector encompasses economic activities that provide a significant portion of a country's employment opportunities. As per the annual report on the state of Indian agriculture for the year 2015-16, it has been observed by experts that there has been a significant fluctuation in the growth of the agriculture sector's contribution since the initiation of economic reforms in India. The annual fluctuation rate was observed to be 4.8% during the eight five-year plan spanning from 1992 to 1996, which subsequently decreased to a low of 2.4% in the tenth plan from 2002 to 2006. The eleventh plan (2007-12) exhibited a growth rate of 4.1%, which was attributed to the prioritisation of the "Inclusive growth" dimension of development and growth.

According to the 2011 census, this sector has a workforce comprising 54.6% of the country's population. Additionally, it is responsible for contributing 17% to the country's gross value added, based on current prices in the 2015-16 period and using the 2011-12 series. India has recently accounted for 7.8% of the total global agricultural output, while

the agricultural sector's contribution to the Indian economy has been recorded at 6.1%.

India is a country characterised by a diverse range of cultural, natural, and economic attributes. The agricultural industry encompasses diverse patterns and operational functions aimed at producing output. The operational functions establish interconnections among the natural resources utilised for production and agricultural producers.

The agriculture market involves the comprehensive implementation of all commercial activities that are associated with the movement of commodities and services from the initial point of agricultural production to the ultimate consumer.

An agricultural marketing system can be defined as a comprehensive physical and institutional structure that facilitates the entire process of goods and services flow, starting from the initial stages of agricultural production and culminating in the delivery of the final products to end-users. The significance of rural market systems cannot be overstated as they play a crucial role in fostering economic development within the localities they operate. Marketing strategies facilitate the

communication and completion of the loop from production to final consumption through the exchange of goods. The transportation of produce occurs from the point of origin to the ultimate destination of consumption. The price range of items tends to increase proportionally with the distance that separates their production and consumption. As the price range increases, there is a decrease in the profit of the primary producer.

The marketing process for consumption commences with the intermediaries, namely wholesalers, and culminates with the end-users, i.e., consumers, via the retailing channel. The characteristics of the system, however, may vary depending on the type of food. Manufactured products necessitate a unique marketing approach. The expeditious collection of commodities in this scenario is attributed to their mass production at a centralised facility. The process requires the establishment of a complex system of interconnected entities, including agencies, wholesalers, distributors, and retailers, among other components. The procurement process for agricultural commodities may require a more extensive supply chain. The dispersion of agricultural output is the underlying cause. The farm-to-distributor distance exhibits a significant increase in geographical span. Most farmers possess a slight surplus. The widespread distribution of the product necessitates the implementation of multiple collection routes.

The collection of agricultural products can be facilitated by various entities such as farmers, small-scale merchants functioning as collecting agents, rural markets, public collecting agencies, and other similar channels. This article emphasises the significance of rural markets, which despite their small size, are highly productive. Consequently, these marketplaces function as hubs for attracting both horizontal and vertical trade. The data collection process commences with horizontal trading. The marketing system is the organised process of collecting and distributing commodities.

The Indian government initiated a programme in July 2015 aimed at promoting the national agricultural market (NAM) through the agri-tech infrastructure fund (ATIF). The objective of this programme is to support the functioning of agricultural marketing operations. The primary objectives of the establishment of NAM were centred on enhancing market efficiency, facilitating market access, promoting transparency in trade and payment, fostering competition, and guaranteeing better price discovery. In addition to the aforementioned programme, the government provided financial support for several other endeavours, such as an amalgamated framework for agricultural marketing and investment strategies like MIDH (Mission for Integrated Development of Horticulture) and RKVY (Rastriya Krishi Vikas Yojana). The policies in question have led to the provision of support by NABARD (National Bank for Agriculture and Rural Development) towards the advancement of diverse marketing amenities, including warehouses and cold storage,

through the utilisation of the RIDF/WIF (Rural Infrastructure Development Fund) and the Warehouse Infrastructure Fund.

In response to the slow progress of the agricultural marketing system, the Indian state government implemented a novel policy, known as the Agriculture Produce Market Committee (APMC), in 2003. This market board was proposed and established by the Ministry of Agriculture and Farmers Welfare. The primary components of APMC pertain to enabling the contract farming paradigm, establishing a dedicated marketplace for perishable commodities, creating a proprietary market, levying a market fee, and allocating funds towards the development of market infrastructure.

Numerous governmental documents clearly indicate that farm marketing is a pressing issue that requires attention and prioritisation. The market infrastructure is a crucial element of the farm market system as it facilitates the accessibility of market services and commodities to both producers and consumers.

India faces challenges in terms of market infrastructure as it continues to develop as a nation. In certain areas of India characterised by a mountainous topography, existing infrastructure is either neglected or considered unfeasible to implement.

## **OBJECTIVE OF THE STUDY**

To explore the theoretical aspects of the marketing approach of agriculture sector in the rural areas of Indian scenario.

## **METHODOLOGY**

Research is qualitative in nature and descriptive adopted theoretical analysis to explore the marketing approach of agriculture sector in the rural areas of Indian scenario.

## **LITERATURE REVIEW**

According to Khan and Khan (2012), the marketing of agricultural commodities is of utmost importance as it serves to promote both production and consumption while also expediting economic growth. The relationship between producers and consumers encompasses more than just economic transactions, as it serves to maintain equilibrium between the availability and desire for goods and services. The research investigated the agricultural crop transactions that occur in rural markets as well as the pricing structure of diverse commodities in the rural markets of Ambedkarnagar District. The marketing process was highlighted to underscore the significance of the composition and organisation of the sellers and merchants.

Acharaya and Agarwal (2010) conducted a study on local rural markets and found that these markets serve as a viable option for marginal and small farmers to sell their perishable excess produce and receive immediate returns on their investment. Due to insufficient infrastructure in the study area, a significant proportion of farmers opt to vend their agricultural yield at local rural markets as opposed to specialised markets or the adjacent urban centre. The variability of agricultural product transactions is primarily attributed to a multitude of factors, including but not limited to heightened market demand, product accessibility, produce type, transportation infrastructure, market scale, equitable pricing, and other related variables. The variation in the mean cost of an individual crop is attributed to the diverse socio-spatial factors that operate in each market.

Singh (2017) expresses concern regarding the potential effects of globalisation on small-scale farmers in Africa. Based on scholarly investigations, the phenomenon of globalisation has yielded both advantageous and disadvantageous outcomes for farmers worldwide, exerting diverse impacts contingent upon the nature of market networks and crop cultivation practises. This study examined the challenges and apprehensions associated with globalisation and found that individuals with limited landholdings and education faced difficulties adapting to changes and improving their circumstances while also encountering limited opportunities to access market networks. In addition, the factors of geographical location, market linkage characteristics, environmental conditions, and the degree of market infrastructure development were found to be significant in either facilitating or hindering the attainment of market efficiency.

David et al. (2013) assert that alterations in farming practises, which are instigated by shifts in the global economy, exert a significant impact on prolonged agricultural activity. This, in turn, poses fresh challenges for farmers to restructure their methods and cultivate more entrepreneurial, market-oriented competencies to manage their farm enterprises. In contemporary agriculture, farmers are required to possess advanced technical skills and stay abreast of current market trends in order to strategically leverage changes in the industry to their benefit. The process of entrepreneurial development has posed challenges to the abilities of farm managers in areas such as decision-making, planning, goal-setting, execution, monitoring, and results management. The primary objective of the aforementioned farm management skills was to effectively convert farm earnings into novel and lucrative enterprises.

The study conducted by Andreyeva (2010) investigated the agricultural modifications that transpired due to the amalgamation of multiple stakeholders and the functional demands of farmers in both domestic and global markets. The adoption of modern practises, such as the replacement of traditional cultural practises, increased reliance on income crops that heavily rely on chemical fertilisers, and intensified agro-biodiversity, has been observed to have a negative impact on household food sufficiency. This has led to an increase in social and ecological risks, which could potentially contribute to a decline in the overall welfare of small-scale farmers. Moreover, the implementation of rigorous farming practises aimed at producing cash crops for export purposes (specifically, potatoes) led to a notable escalation in market value, which predominantly favoured affluent farmers, thereby contributing to regional and market imbalances. The uncontrollable demand and price of the export market are causing financial and societal concerns.

Within the context of the field of information technology, Parvez (2014) conducted a study on the primary challenges and issues faced by Indian agriculture in relation to food security, including inadequate infrastructure and an inefficient supply chain. The research also examined the fundamental obstacles encountered by every subsystem within the agricultural supply chain, spanning from input to consumer, with the objective of achieving seamless integration that is both efficient and effective. The optimisation of the supply chain subsystem is of utmost importance for the advancement of agriculture and the prevailing issues at hand. Consequently, the government undertakes the task of addressing infrastructure development obstacles with the aim of achieving universal food security.

The study conducted by Omar et al. (2014) investigated the ecological and environmental challenges associated with agricultural expansion with the aim of influencing market efficiency. As per the findings of the research, agricultural output in the United States was predominantly dominated by large-scale, intense, and specialised production systems. Notwithstanding the high productivity and commercial success of the agricultural sector, concerns are mounting regarding unforeseen adverse environmental impacts associated with modern farming practises. In order to meet the demands of both domestic and international markets, agricultural systems have increasingly moved towards specialisation. This has led to a decoupling of crops and a significant imbalance in cropping patterns as the production of crops has

become disconnected from the nutrient cycle within the farm due to changes in lifestyle. The escalation in export demand prompted the use of a substantial quantity of synthetic fertilisers to expedite crop growth, a practise that was deemed ecologically and environmentally inappropriate. Consequently, the decline in quality would give rise to apprehensions regarding the global system of grading and standards.

The study conducted by Gunwant, Rawat, and Meenakshi (2015) examined the methods employed for the production and sale of vegetables and fruits in the regions of Nainital and Udham Singh Nagar, located in Uttarakhand. As per the authors' analysis, Uttarakhand was encountering an oversupply of vegetables and fruits; however, the management of the supply chain was preoccupied with inefficiencies throughout the entire channel linkage. Consequently, a reduction in the actualization of prices for agricultural producers ensued, thereby impacting both the consumer and the producer. A significant proportion of the market value was appropriated by intermediaries who engaged in exploitative practises towards farmers, compelling them to sell their produce at a diminished price. Several challenges associated with low market realisation were identified, including inadequate linkages, insufficient market intelligence, inadequate cold chain infrastructure, and non-standardised processing operations. These factors hindered marketing efforts and failed to address the associated issues. In addition, suggestions were put forth regarding the implementation of an information and communication technology facility at the community level to facilitate a streamlined and productive supply chain for stakeholders involved in decision-making processes.

The authors of the study conducted by Chaudhary et al. (2015) drew attention to the challenges faced by small-scale farmers in Uttarakhand due to a disorganised and inaccessible market. The authors shed light on the merchants' monopolistic practises of exploiting farmers by incorporating intermediaries and providing them with the lowest possible price for their produce. The Uttarakhand government endeavoured to address this issue by instituting a minimum support price for "Malta," a type of regional commercial crop commonly known as orange. Regrettably, the initiative was unsuccessful in reaching small-holder farmers due to insufficient implementation measures. Additionally, the authors conducted an analysis on the effects of the action project plan on farmers' treatment and found that the farmers had improved their capacity to organise the market chain and increased their bargaining power. The implementation of an enterprise-based upgrading approach has led to the

development of a Malta orange value chain system that is more inclusive and beneficial for small-holder farmers, particularly those from low-income backgrounds. The enhancement of policies, augmentation of technical and financial support, establishment of communal facilities, and formation of farmers' associations were found to be crucial in facilitating the involvement of small-scale farmers in value chains, thereby enhancing their resilience.

According to Kumar and Mishra's (2016) findings, the process of market integration in the mountainous districts of Uttarakhand is fraught with challenges. The research findings suggest that the agricultural sector is susceptible to risks and that the current market tactics are inadequate in terms of specificity and direction due to insufficient pricing data and inadequate transportation facilities. The inefficiencies of market integration had an impact on all agricultural stakeholders. The implementation of the government's marketing plan was hindered by several challenges, such as inadequate agricultural resources, transportation, storage, logistics, and processing technology.

The study conducted by Kumar and Sharma (2016) examined the state of India's fruit and vegetable production and export market. The research examined the main hindrances within the value chain with the aim of enhancing the production capacity and supply proficiency of small-scale and economically disadvantaged farmers. The results indicated that the absence of small-scale farmers in the supply chain channels could be attributed to insufficient awareness regarding storage practises and facilities. The individuals were lacking knowledge regarding the projected yield of crops and resultant product, intricate techniques for storage and preservation, as well as the means for evaluating and maintaining the quality of the produce. The authors in India have expressed apprehension regarding the precarious condition of infrastructure, underdeveloped institutions, and exorbitant excise levies that pose a challenge to balance, in addition to the production cost that burdens small and marginal farmers.

In their study, Murugeson and Rajarajan (2016) examined various aspects pertaining to domestic agricultural marketing. These included the significance of rural market resources, the inadequate attention given to marketing systems, the absence of a unified code and market regulation for crucial commodity acts, and the disparities in entry and sales tax. The integration of the agricultural market system faced several challenges, including limited market knowledge, inadequate literacy levels

among farmers, and the existence of multiple intermediaries in the distribution channel. These factors contributed to reduced profit shares for farmers. Farmers faced challenges related to crop variety selection and encountered disputes within cooperative societies while attempting to provide market services. Additionally, they experienced difficulties accessing financial facilities and inadequate training programmes for market operations.

According to Joshi et al. (2016), the establishment of a marketing structure and an efficient system is crucial in the agricultural industry to facilitate favourable advancements and enhance the well-being of both producers and consumers. The primary challenges associated with the implementation of policies pertaining to an effective marketing system in the mountainous regions of Uttarakhand included inadequate bargaining power, suboptimal resource utilisation, and misallocation of production capacity.

Painuly et.al. (2018) delved into additional significant limitations encountered by farmers at the local level. These included inadequate scientific storage options, suboptimal access to market price information, instances of forced sales, insufficient transportation infrastructure, exploitative practises by market traders, insufficient auction and sales space, an inefficient weighing system, unjustified fees levied by traders, and delayed payment. These limitations serve as obstacles in the pathways.

Jaiswal et.al. (2020) asserted that agriculture constitutes the foundational basis of the developing economies with the lowest income. While the interdependence between farms and non-farm sectors cannot be negated, the contribution of agricultural productivity to aggregate economic growth has decreased. The development of agriculture has provided a basis for economic growth in both agricultural and non-agricultural sectors, while also serving as a means to address the disparity in urban and rural infrastructural management.

## **DISCUSSION AND CONCLUSION**

Several facets of agricultural marketing on the home front. The variations in entrance and sales tax rates, the lack of a single code and market regulation for essential commodity activities, and the relevance of rural market resources all played a role. Limited market awareness, insufficient literacy levels among farmers, and the presence of many intermediaries in the distribution channel all pose problems for the integration of the agricultural market system. Because of these conditions, farmers' profits were divided less evenly. When striving to offer market services, farmers sometimes ran into conflicts within their cooperative

organisations and struggled with issues connected to choosing appropriate crop varieties.

Results from several studies suggested that a lack of knowledge about storage practises and facilities may be to blame for the absence of small-scale farmers in the supply chain channels. They did not know how much their crops would produce, how to properly store and preserve them, how to evaluate and maintain their quality, or any of these other related things. The writers in India have voiced concerns about the country's deteriorating infrastructure, weak institutions, and high excise charges, all of which make it difficult for small and marginal farmers to break even.

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