ADVANCE MODULE-03

BIRD

BANKERS INSTITUTE OF RURAL DEVELOPMENT, LUCKNOW
(Designated Nodal Training Institution at Central Level by GoI under the Central Sector Scheme on Formation & Promotion of 10000 FPOs)

FPOs are growth engine of Indian Agriculture

Resource Material

Marketing Plan

under
Central Sector Scheme on Formation & Promotion of 10000 FPOs

NABARD

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DEUTSCHE ZUSAMMENARBEIT

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CONTENTS

Advanced training programme on Agricultural Marketing

INTRODUCTION

The Government of India has a goal of doubling farmers' income. Making markets work for the farmers is one of the strategies towards that goal. Farmer Producer Organisations face several hurdles to succeed in the market. FPOs in India have a large number of small and marginal farmers as members. Agriculture marketing has however transformed in leaps and bounds and involves heavy use of Internet and Communication Technologies to manage transactions. The learning curve for FPO members, Board of Directors, Staff and CBBO staff is steep indeed.

This Advanced Training Module on Agricultural Marketing hopes the bridge the knowledge gap by exposing FPOs and CBBOs to various dimensions of Agricultural Marketing in India. The training module consists of classroom sessions and discussion using material put together in this handout, and field visits to different types of markets for participants to observe and participate first hand. A lot of the content of the reading material is derived from the Government of India's various institutional websites, and this material will expectedly change from time to time. The Reading Material provides indicative content and the facilitators are encouraged to obtain the latest material from the various websites whose links are provided here.

Agricultural Marketing is a huge subject and the material in this training programme will cover but only a part of it. Additionally, several complex concepts and technical words are unavoidable. In order to make the subject useful to FPOs participating in the training programmes, the facilitators are encouraged to simplify the content appropriate, explore translations to languages that the participants are comfortable in and make the sessions interactive and practical.

It is hoped that the knowledge gained during advanced training in agricultural marketing will inspire FPOs and CBBOs to improve their marketing performance.

Chapter 1 : Agricultural Marketing

"Agricultural marketing comprises all operations involved in the movement of farm produce from the producer to the ultimate consumer. Thus, agricultural marketing includes the operations like collecting, grading, processing, preserving, transportation and financing." Prof. Faruque

1. Concept and Definition:

The term agricultural marketing is combination of two words - agriculture and marketing. Agriculture, in the broad sense, means activities aimed at the use of natural resources for human welfare, i.e., it includes all the primary activities of production. But, generally, it is used to mean growing and/or raising crops and livestock. Marketing connotes a series of activities involved in moving the goods from the point of production to the point of consumption. It includes all the activities involved in the creation of time, place, form and possession utility.

Agricultural marketing requires the study of all the activities, agencies and policies involved in the procurement of farm inputs by the farmers and the movement of agricultural products from the farms to the consumers. The agricultural marketing system is a link between the farm and the non – farm sectors. It includes the organization of agricultural raw materials supply to processing industries, the assessment of demand for farm inputs and raw materials, and the policy relating to the marketing of farm products and inputs.

1.1 Characteristics of the prevalent Agricultural marketing system:

Introduction: Efficient marketing is a prerequisite in the development of any economy. The objectives of an efficient marketing system are to ensure remunerative prices to the producers and at the same time offer commodities at a reasonable price to the consumers.

Important characteristics of the traditional agricultural marketing system in India are as mentioned below:

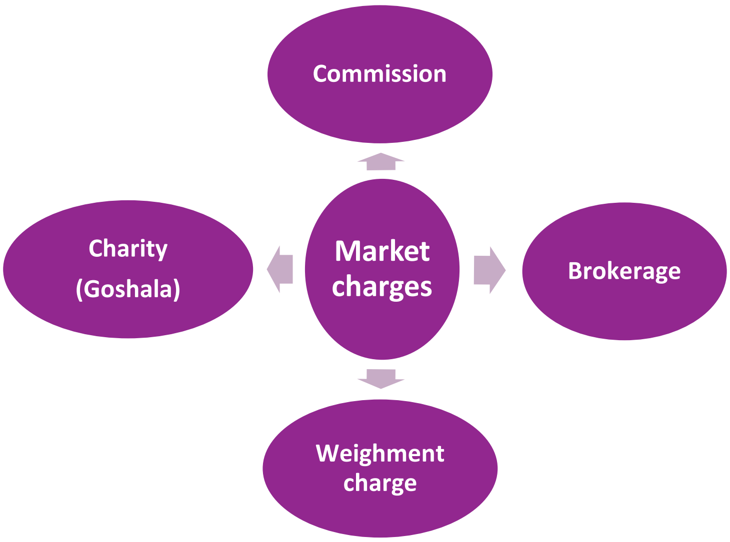
A. Sale of produce at village level by majority of farmers - It happens due to:

1. Indebtedness of farmers to village moneylenders, Arhatiyas, etc.
2. Poor connectivity to market centres
3. Small quantity of marketable surplus with farmers
4. Farmers are hard pressed for money to meet their social obligations
5. Low quality of produce and absence of quick transportation facilities
6. The fear of city markets in the minds of villagers due to malpractices
7. Information on movement of price is not available to farmers

B. Immediate sale post- harvest by farmers- Reasons:

1. Poor retention power of the farmers due to their pressing need for cash to repay debt
2. Inadequate storage facility available in village either private, public or cooperative
3. Fear of loss of produce by fire, theft and other calamities
4. Lack of entrepreneurship and low risk taking ability of the farmers
5. Support prices remain constant throughout the procurement season

C. **Multiplicity of market charges:** The cost of marketing of produce continues to be very high for agricultural produce and includes commission, brokerage, weighment, charity etc.



D. **Inadequacy of institutional marketing infrastructure and lack of producers organisations:**

Farmers are disorganised and market their produce individually. Because of their low bargaining power, they have to deal with traders having strong networks. They cannot dictate terms of trade and watch the auction of their produce as mute spectators.

E. Existence of Malpractices: Many malpractices like deduction of unauthorised market charges, spurious deductions, unfair weighment of the produce, unhealthy sale method, bungling in accounts are common in marketing of agricultural produce. This increases the real cost of marketing of produce.

Producer's share in consumer's rupee is very low

F. **Lack of reliable and up to date market information:** In the absence of any reliable price information channel, farmers depend on hearsay reports from village merchants who have hidden interest in buying the produce from the farmers at low prices.

G. **Low marketable surplus of a large variety of produce:** Most Indian farmers grow a number of crops and a number of varieties of each crop. They do it for diversification, fulfil family requirements and as risk mitigation. When they go to sell, they have a wide range of produce with less quantity and it does not attract the attention of traders. Traders look for big lots.

H. **Absence of grading and standardisation:** Due to lack of grading facilities at village level, farmers often mix superior and inferior quality products which leads to penalisation by traders/purchasers, and consequent loss of value to them.

I. **Absence of quick transport means:** Farmers take their produce to markets by traditional transporting channels and further are not in a position to pack their produce well. This results in spoilage and losses during transportation.

J. **Strong association of traders and market functionaries:** Farmers did not have any organisation but traders are united through associations and unions. As such the practices in trade circles are biased against farmers.

1.2 Importance of Agricultural Marketing

Agricultural marketing plays an important role in not only stimulating production and consumption, but also in accelerating the pace of economic development. It is the most important multiplier of agricultural development. In the process of shifting from traditional to modern agriculture, marketing emerges as the biggest challenge because of production surpluses generated by the shift. Effective agricultural marketing helps achieve the following:

- Optimization of Resource use and Output Management- Scales down the losses
- Increase in Farm Income- By reducing number of middlemen
- Widening of Markets- through better outreach and exports
- Growth of Agro-based Industries - Dependence on agriculture for raw material
- Price Signals - Sharing of information with farmers
- Adoption and Spread of New Technology- for productivity increase
- Employment Creation- Supports millions of rural persons
- Addition to National Income- Adds value to the product and thus GDP increase
- Creation of Utility-Marketing adds value and utility to the product

1.3 Remedial Measures for Improvement of Agricultural Marketing:

Improvement of the agricultural marketing in India is absolutely essential.

Following are some of the measures which might improve the existing system of agricultural marketing in the country:

1. Establishment of regulated markets.
2. Establishment of co-operative marketing societies.
3. Extension and construction of additional storage and warehousing facilities for agricultural produce of the farmers.
4. Expansion of market yards and other allied facilities for new and existing markets.
5. Extending adequate amount of pre and post-harvest credit facilities to farmers.
6. Timely supply of marketing information to farmers.
7. Improvement and extension of road and transportation facilities for connecting the villages with mandis.
8. Provision for standardisation and grading of the produce for ensuring good quality to consumers and better prices for farmers.

Chapter 2: Role of the Government in Agriculture Marketing

MSP mechanism & Procurement Operations

Public Distribution System (PDS)

Why should the Government intervene?

At the time of independence, India's food supply was considerably short of minimum requirement. More than half of the population was living below the poverty line. Therefore, major immediate goal at that time was to increase the production of food grains for food security. Moreover, the then agricultural marketing system was extremely inefficient. It was felt that, along with other developmental initiatives, agricultural marketing system should also receive priority attention.

Forms of Government intervention

In the interest of public welfare, the government intervenes in the marketing system. The extent of intervention depends on the objectives of the government and the extent of defects and malpractices prevailing in the system. Government intervention may be direct or indirect and it may take any one or a combination of the following forms:

- Framing of rules and regulations for protection of interest of some sections of the population.
- Creation of marketing and processing infrastructure such as storage and warehousing, transportation and communication facilities, grading and standardisation facilities besides ensuring credit.
- Administration of prices - guaranteeing minimum support prices to producers, providing commodities at fair prices to consumers
- Influencing supply and demand by regulating import, internal procurement and distribution
- Establishing organisations to provide services to the farmers for performing certain marketing functions
- Promotion of farmers cooperatives or organisations for agricultural marketing and agro-processing

A few important government interventions are discussed below:

Directorate of Marketing and Inspection (DMI)

The Directorate of Marketing and Inspection (DMI) functions as an attached office of the Ministry of Agriculture and Farmers Welfare, GoI. It aims at achieving integrated development of marketing of agricultural and allied products in the country. The DMI is also responsible for market research, design and planning plus training programmes in agricultural marketing. It is also involved in extension and publicity activities to create awareness among farmers, traders and consumers. It advises the government on market legislation

Public Distribution System (PDS)

India's public distribution system is perhaps the largest national programme in the world, which aims at achieving food security at all levels, i.e macro food security, household food security and individual food security. Over the years, it focused on all the three essential features of food security, i.e. availability, accessibility and absorption. The PDS in India had graduated from macro to micro food security and from staple to nutritional security. The three essential interwoven components of the PDS system are Buffer Stocks, Procurement and Distribution.

I. Buffer Stocks

The term buffer stocks of food-grain refers to the stock of food-grains maintained by the Government to be used as a buffer to cushion the shocks of fluctuating supply and price, to meet emergency needs and tide over serious unexpected shortages caused by situations such as transport bottlenecks, war, or natural calamities like flood, famine, earthquake, etc. These are 'strategic stocks'**.**

II. Public Procurement of Food-grains

The term public procurement refers to purchasing food -grains by the government or its agencies to meet the requirement for supply to consumers through fair price shops, and to build a buffer stock to meet emergency needs in agriculturally lean years. The prices at which the procurement operations is carried out are referred to as procurement prices.

The majority of procurement is done in paddy and wheat. However, nutri-cereals/millets are also procured under the price support programme but in lower quantities. The major contributors for paddy procurement are Punjab, undivided Andhra Pradesh, Chattisgarh, Haryana, UP and Odisha. Similarly in wheat the major procurement comes from Punjab, Haryana and Madhya Pradesh. The responsibility for the procurement of food-grains has been entrusted to FCI, cooperative marketing societies, civil supplies corporations/Depts, etc.

III. Distribution of Food-Grains

The crux of India's PDS is the distribution. Buffer stocks and procurement are means to ensure food security of targeted families by reaching food-grains to them. Around 80% 0f the population is covered by fair price shops, which provide commodities such as wheat, rice, sugar, kerosese and edible oil. There has been criticism of the PDS such as commodities not being available at the shops, poor quality of good grains and not enough fair price shops. However, during the Covid 19 pandemic, the PDS was effectively in preventing mass hunger due to disruptions in economic activity.

The system of PDS has also undergone many changes over the years with the initiation of new schemes like:

- Revamped Public Distribution System (RPDS)
- Targeted Public Distribution System (TPDS)
- Right to Food: National Food Security Act (NFSA) 2013
- One Nation One Card Scheme

Minimum Support Price (MSP) Mechanism

Minimum Support Price (MSP) is a form of market intervention by the Government of India to insure agricultural producers against any sharp fall in farm prices; especially during bumper production years when prices are likely to fall. The minimum support prices are announced by the Government of India at the beginning of the sowing season for certain crops on the basis of the Recommendations of the Commission for Agricultural Costs and Prices (CACP). The major objectives are to support the farmers from distress sales and to procure food grains for public distribution. In case the market price for the commodity falls below the announced minimum price due to bumper production and glut in the market, government agencies purchase the entire quantity offered by the farmers at the announced minimum price.

In determining the MSP, the government takes into account various factors such as cost of production, demand and supply, trends in market price, international price situation, etc.

Role of Commission of Agricultural Costs and Prices (CACP)

The Commission for Agricultural Costs & Prices (CACP) is mandated to recommend minimum support prices (MSPs) to incentivize the cultivators to adopt modern technology, and raise productivity and overall grain production in line with the emerging demand patterns in the country. Assurance of a remunerative and stable price environment is considered very important for increasing agricultural production and productivity since the market place for agricultural produce tends to be inherently unstable. This instability inflicts undue losses on the growers, even when they adopt the best available technology package and produce efficiently.

Process of fixing Minimum Support Price (MSP)

The CACP submits its recommendations to the government in the form of Price Policy Reports every year, separately for five groups of commodities namely Kharif crops, Rabi crops, Sugarcane, Raw Jute and Copra. Before preparing the reports, the Commission draws a comprehensive questionnaire, and sends it to all the state governments and concerned

National organizations and Ministries to seek their views. Subsequently, separate meetings are also held with farmers from different states, state governments, national organizations like FCI, NAFED, Cotton Corporation of India (CCI), Jute Corporation of India (JCI), traders' organizations, processing organizations, and key central Ministries. The Commission also makes visits to states for on-the-spot assessment of the various constraints that farmers face in marketing their produce, or even raising the productivity levels of their crops. Based on all these inputs, the Commission then finalizes its recommendations/reports, which are then submitted to the government.

MSP covers 23 commodities, which comprise –

- 7 cereals (paddy, wheat, maize, sorghum, pearl millet, barley and ragi),
- 5 pulses (gram, tur, moong, urad, lentil),
- 7 oilseeds (groundnut, rapeseed-mustard, soyabean, sesamum, sunflower, safflower, niger seed), and
- 4 commercial crops (copra, sugarcane, cotton and raw jute).
- The mandated crops are 14 crops of the kharif season, 6 rabi crops and two other commercial crops

Explore recent documents and announcements at https://cacp.dacnet.nic.in/

Chapter 3: Reforms in Agri-marketing

Areas for reform in agri-marketing

Contract farming; benefits to farmers/FPOs

India is an agricultural country. More than 70% of India's population is directly or indirectly involved in agriculture related work. Due to the hard work of these farmers, we are able to sit and eat in peace. These farmers sustain the entire country but it is a sad truth that many of them, particularly the small and marginal farmers are struggling. Agriculture is a State Subject. Many state governments have modified laws that regulate agri-marketing so that blockages in the system are removed. Recently, the Central Government had enacted three new Acts related to marketing of agricultural products in order to harmonise laws across states. However, they were subsequently repealed.

Need for Reforms in Agri-marketing

- **Market Coverage:** APMC Act of the State divide the entire area of the State into various notified Market Committee areas and arranged the regulatory responsibility of regulating agricultural marketing practices in such areas to the specific APMCs. The primary wholesale agricultural markets are situated at an average distance of 50 km from the farm gates. However the presence of such markets is not uniform across states; though the national recommendation is for a market for every 80 sq. km, this not the reality. Thus many small and marginal farmers with small marketable surplus ratios (MSRs) do not benefit from these on account of scale and the cost of transportation involved.
- **Licensing:** The licensing of commission agents in the regulated markets has led to the monopoly of these licensed traders preventing new entrepreneurs from entering existing APMCs. New licensing of commission agents requires space for shops within the market yards. As many of the market yards established long back don't have adequate space for construction of shops, the issue of new license is not encouraged in many cases.
- **High Incidence of Market Fee/Charges:** Market Committee is authorized to collect market fees ranging 0.30% to 2.0%, from the buyers/traders on the sale of notified agricultural produce. In addition, commission charges are to be paid to commission agents which varies from 0.5% to 4.5% in food grains, and 3.0% to 7.0% in case of fruit and vegetables. In addition to these, other charges, such as, development cess, entry tax, purchase tax, weighing charges and hamal charges, etc. are also required to be paid resulting in higher transaction cost and low price realization by the farmers in a regulated market.

- **Market Information Asymmetry**: It is often not possible for the farmers to obtain information on exact market prices in different markets. So, they accept whatever price the trader offers them.
- **Inadequate Marketing Infrastructure**: The benefits available to the farmers from regulated markets depend on the facilities/amenities available therein. Studies indicate that covered and open auction platforms, drying yards, electronic weigh-bridges and cold storage units do not exist in all the markets. These APMC markets also fare poorly in banking and internet connectivity and civic infrastructure.

Potential Benefits from Reforms in Agricultural Marketing:

1. Reduction in intermediation levels by providing alternative marketing channels (direct marketing, contract farming etc.)
2. Doing away with monopoly of Government controlled markets to opening up marketing options for farmers and farmers organisations
3. Paving way for more private sector investment
4. Reduction in multiplicity of taxes, cesses, levies
5. Availability of a legal framework/protection for farmers to engage in contract farming
6. Harmonising of laws across states.

For now, farmers and FPOs will need refer to prevailing laws in their states to engage in marketing of their produce.

Contract Farming

Remuneration to farmers depends partly on demand-supply dynamics of commodities. The farmer works on crops that he or she knows best and in the absence of timely market information, they may end up planting a crop that leads to market glut. Contract farming is a system which hopes to combine the market intelligence of a buyer and the cultivation expertise of a farmer. A pre-harvest buy back arrangement also reduces the price risk for farmers.

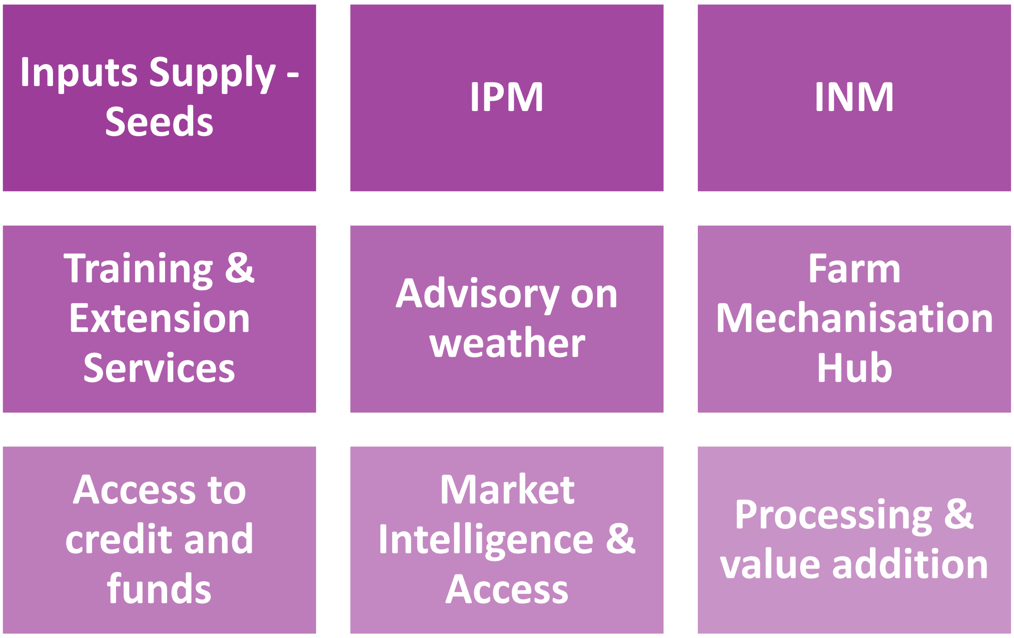
What is contract farming?

- Under contract farming, agricultural production (including agri-allied sector) can be carried out based on a pre-harvest agreement between buyers (such as food processing units and exporters) and producers (farmers or farmer organisations)
- The producer can sell the agricultural produce at a specific price in the future to the buyer as per the agreement and reduce the risk of fluctuating market price and demand.
- The buyer can reduce the risk of non-availability of quality produce

The following types of inputs and services are normally provided by the company to the farmers:

- Seeds of the variety they need for processing/marketing
- Guidelines to grow the crops
- Extension services
- Integrated Nutrient Management and fertilisers/hormones required for the crop
- Integrated Pest Management and pesticides which do not result in residual toxicity
- Farm infrastructure

The diagram below indicates the nature of potential tie-ups with corporates in contract farming



Salient features of Model Contract Farming Act, 2018

A farmer can be exposed to unscrupulous buyers and incur greater risks if teh right kind of legal protections are not provided. In this regard, the Government of India has passed an Act with the following features

The Act lays special emphasis on protecting the interests of the farmers,

- In addition to contract farming, service contracts all along the value chain including pre-production, production and post-production have been included.
- “Registering and Agreement Recording Committee” or an “Officer” for the purpose at district/block/taluka level for online registration of sponsor and recording of agreement provided.
- Contracted produce is to be covered under crop / livestock insurance in operation.

- Contract framing to be outside the ambit of APMC Act.
- No permanent structure can be developed on farmers' land/premises
- No right, title of interest of the land shall vest in the sponsor
- Promotion of Farmer Producer Organization (FPOs) to represent small and marginal farmers.
    - FPO/FPC can be a contracting party if so authorized by the farmers.
    - Accessible and simple dispute settlement mechanism at the lowest level possible provided for quick disposal of disputes.
    - It is a promotional and facilitative Act and not regulatory in its structure

Agriculture Infrastructure Fund (AIF)

The fund was announced in 2020 for farmers and their organisation (FPOs, PACs, Marketing Cooperative Societies, Multipurpose cooperative societies) to set up infrastructure to modernise their operations. This includes activities such as establishment of silos, sorting and grading units, cold chains, infrastructure for precision agriculture, among others. These investments will support marketing by enabling storage of produce during peak season, protection of stored produce and better returns to value addition/quality.

https://agriinfra.dac.go.in

Chapter 4: Developing a Vision for the FPO

Mission & Vision Statements and Objective Setting

People can be genuinely inspired if their organization has a compelling vision and a clear, worthwhile mission; and these can be powerfully expressed in well-crafted mission and vision statements. These statements can be highly motivating when they are expressed clearly and with intent, and when they are communicated effectively to everyone in the organization. They also express the organization's purpose to customers, suppliers and the media, on whom they can have the same effect.

4.1 Mission and Vision Statements

These statements are the words leaders use to explain an organization's purpose and direction. When expressed clearly and concisely, they can motivate everyone in the organization as a whole, with an inspiring vision of the future.

The two statements do distinctly different jobs.

Mission statements define the organization's purpose and primary objectives. These statements are set in the present tense, and they explain why the organisation exists as a business, both to members of the organization and to people outside it. Mission statements tend to be short, clear and powerful.

Vision statements also define organization's purpose, but they focus on its goals and aspirations. These statements are designed to be uplifting and inspiring. They are also timeless: even if the organization changes its strategy, the vision will often stay the same.

Application

Usually, people write these statements for an organization, or for an organizational unit or a team. One can also create statements to define the goals of long-term projects or initiatives.

4.2 How to Create a Mission Statement

To develop mission statement, follow the steps below.

Step 1: Develop a Winning Idea

First, identify organization's "winning idea," or unique selling proposition (USP). This is the idea or approach that makes the organization stand out from its competitors, and it is the reason that customers choose the organisation over its competitors.

Step 2: Clarify Goal

Next, make a short list of the most important measures of success for this idea.

For instance, if the winning idea is to create cutting-edge products in a particular industry, how will we know when we has accomplished this goal? If the idea is to provide excellent customer service in an area, what key performance indicator will let us know that customers are truly satisfied?

One don't have to include exact figures here, but it's important to have a general idea of what success looks like, so that one knows when one has achieved it.

Example 1

Take the example of a produce store, "Farm Fresh Produce", whose winning idea is "providing farm freshness." The owner identifies two key measures of her success: freshness and customer satisfaction. She creates the following mission statement, which combines the winning idea and her measures of success:

"To be the number one produce store by selling the highest quality, freshest farm produce directly from farm to customer, with high customer satisfaction."

4.3 How to Create a Vision Statement

Step 1: Find the Human Value in Work

First, identify the organization's mission. Then uncover the real, human value in that mission. For example, how does the organization improve people's lives? How does it make the world a better place?

Step 2: Distil Into Values

Next, identify what customers and other stakeholders value the most about how the organization will achieve this mission. Distil these into values that the organization has, or should have. Some examples of values include excellence, integrity, teamwork, originality, equality, honesty, freedom, service, and strength.

Step 3: Combine Mission and Values

Combine mission and values, and polish words until one has an inspiring statement that will energize people, inside and outside the organization.

Example 1

The owner of Farm Fresh Produce examines what she, her customers and her employees value about her mission.

The four most important values that she identifies are freshness, healthiness, tastiness, and the "local-ness" of the produce. Here's the vision statement that she creates and shares with employees, customers and farmers alike:

"We encourage the families to live happier and healthier lives by providing the freshest, tastiest, and most nutritious local produce: from local farms to table in under 24 hours."

4.4 OBJECTIVE SETTING

4.4.1 SETTING OBJECTIVES

Objectives provide structure and clarity of expectation for the individual, the manager, the team and department. They provide the link between the purpose of the job role and the individual's efforts, they also form the basis from which an individual's contribution will be assessed.

Setting objectives focuses attention and action. Objectives give one something to work towards, and help to direct energy and effort. They stimulate the need to act. Research has found that where the staff are involved in setting their own objectives they are more motivated to achieve them

4.4.2 THE DIFFICULTIES IN SETTING OBJECTIVES

Formulating objective is not easy, and writing them is a skill which involves imagination, creativity, realism, and tenacity in redefining them to meet important criteria such as clarity and specificity. The following information in this handout presents one method which helps in making the design and agreement of objectives a clearer process.

4.4.3 THE SMART OBJECTIVE

The SMART framework for setting objectives forces managers to consider the following questions when designing objectives.

- ✓ Specific:

Does the objective state a defined outcome/ result? Is it precise? (avoid ambiguous statements)

Being specific about an outcome leads the identification of what will be achieved.

- ✓ Measurable:

Can the outcome be quantified – if so, how? If the outcome can't be quantified – what indicators will show that the objective has been achieved?

- ✓ Achievable:

Is it set within available resources (time and/or money)? Recognising what is possible and what is not possible and why is an important part of defining an acceptable level of contribution against which the objective can be measured.

- ✓ Relevant:

Does it link to the objectives and priorities of the organisation/ team/ department etc?

- ✓ Time-framed:

Has a date been set for the completion of each objective? Identify whether the objectives are short, medium or long-term? If long-term objectives are agreed, ensure there is a series of phased dates for review/achievement.

One final point……Quality

One final element that needs to be considered is that of quality or standards. Often objectives identify what needs to be done but not to what level or standard they should be done. Adding a quality dimension to objectives adds to their specificity and gives the organisation a level to aim for, and exceed.

> ***"The most useful objective is the one which allows us to make the largest number of decisions relevant to its' achievement and measurement"*** **Mager, R, 1975**

References

1. https://www.sheffield.ac.uk/polopoly_fs/1.361956!/file/objectives.pdf

2. Ashford, G and Patkar, S (2001) The Positive Path: Using Appreciative Inquiry in Rural Indian Communities. IISD, MYRADA.

https://www.iisd.org/system/files/publications/ai_the_positive_path.pdf - this manual provides a useful methodology for facilitating vision-building for FPOs.

Chapter 5: SWOT Analysis

SWOT (strengths, weaknesses, opportunities, and threats) analysis is a framework used to evaluate a company's competitive position and to develop strategic planning. SWOT analysis assesses internal and external factors, as well as current and future potential. A SWOT analysis is **designed** to facilitate a realistic, fact-based, data-driven look at the strengths and weaknesses of an organization, initiatives, or within its industry.

5.1 How to Do a SWOT Analysis?

SWOT analysis is a technique for assessing the performance, competition, risk, and potential of a business, as well as part of a business such as a product line or division, an industry, or other entity.

Using internal and external data, the technique can guide businesses toward strategies more likely to be successful, and away from those in which they have been, or are likely to be, less successful. Independent SWOT analysts, investors, or competitors can also guide them on whether a company, product line, or industry might be strong or weak and why.

- ✓ **Strengths**

Strengths describe what an organization excels at and what separates it from the competition: a unique product, direct marketing of fresh product, the experience of working with farmers' interest groups, a loyal customer base, a strong balance sheet, unique technology, and so on.

- ✓ **Weaknesses**

Weaknesses stop an organization from performing at its optimum level. They are areas where the business needs to improve to remain competitive: poor infrastructure, lack of professional expertise, weak financials, a weak brand, high levels of debt, an inadequate supply chain, etc.

- ✓ **Opportunities**

Opportunities refer to favourable external factors that could give an organization a competitive advantage. For example, tax holiday for FPOs, now FPOs can enhance their business up to Rs 100 crore and pay less tax on the profit earned in the form of Minimum Alternate Tax (MAT), increasing sales and profit to its members.

- ✓ **Threats**

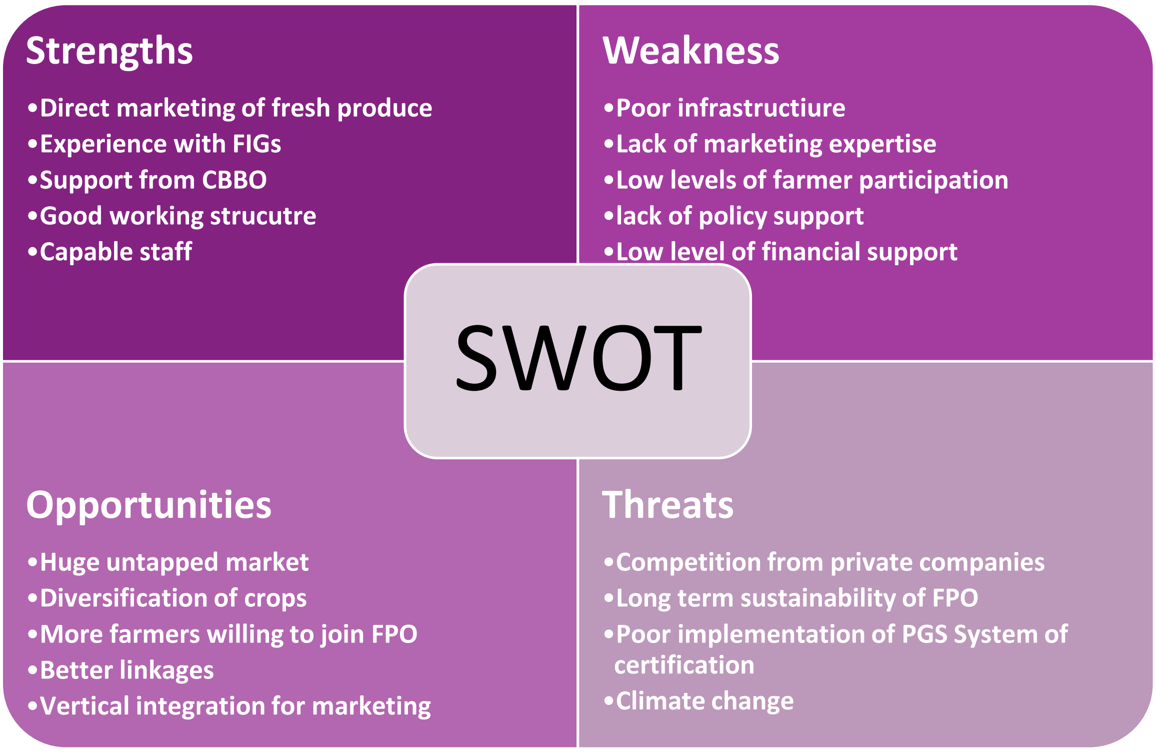
Threats refer to factors that have the potential to harm an organization. For example, a drought is a threat to a wheat-producing company, as it may destroy or reduce the crop yield, long term sustainability, poor administrative control, etc.

Internal Environment: What occurs within the company serves as a great source of information for the strengths and weaknesses categories of the SWOT analysis. Examples of internal factors include financial and human resources, tangible and intangible (brand name) assets, and operational efficiencies.

External Environment: What happens outside of the company is equally important to the success of a company as internal factors. External influences, such as monetary policies, market changes, and access to suppliers, are categories to pull from to create a list of opportunities and weaknesses.

The SWOT analysis helps to provide direction for the FPO's business and serves as a basis for the FPO's business plans. It can indicate Strengths and Opportunities that will help the FPO to achieve its goals, or indicate an obstacle that must be overcome or minimized to achieve success (Weaknesses or Threats). The objective is to help the FPO business to plan strategies that take advantage of the strengths, counter the threats, and improve the weaknesses. Once all of the strengths, weaknesses, opportunities, and threats to the farming operation have been listed, the information should be combined and strategies developed. Draw up plans to take advantage of the strengths and opportunities, counter the threats if possible, and overcome or reduce the weaknesses. Then use the analysis to plan future strategies and to manage the FPO operation. Develop strategies that will strengthen the weak areas or take advantage of the strengths and opportunities. Give close attention to developing strategies that focus or capitalize on the strengths of the operation.

Example 1: SWOT of a Farmer Producer Organisation.

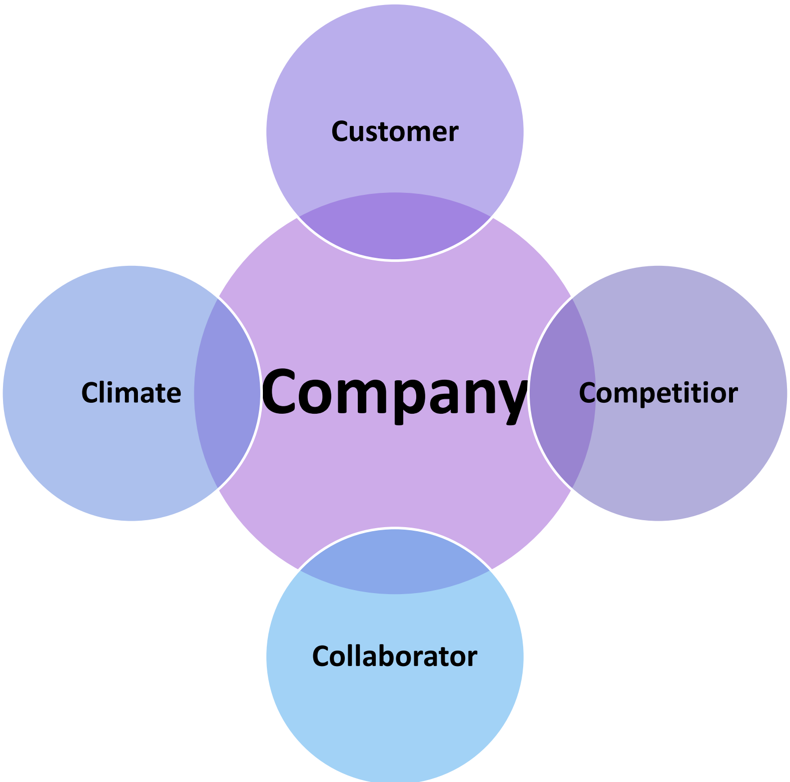


Example 2: SWOT of Coffee and Grapes as a commodity.

Commodity	*Internal Factors*		*External Factors*	
	Strengths	**Weakness**	**Opportunities**	**Threats**
Coffee (For coffee from Karnataka)	Karnataka, the home of Indian coffee, is the largest producer of the finest variety of coffee Conducive climate and altitude is ideal for coffee cultivation. Considerably larger demand in the world both in raw and value-added form. Well-knit institutional structure existing in the form of Coffee Board	Fluctuations in production and marketable surplus of coffee in recent decades. Growers' anticipation of higher prices leading to cancellation of contracts by the exporters Wide differences in prices in the global market and the domestic market owing to fall in prices in Germany, Belgium and Spain, leading to sharp fall in sales. Lack of infrastructure - inadequate credit flow and machinery	Developing a brand for Indian (Karnataka) Coffee and promotion of its exports to world markets. Encouraging exporters to export value added products like instant coffee, packaged coffee powder etc. Promoting market development measures to increase demand. Promotion of non-hybridised tribal coffee (organic coffee with less caffeine) grown without any chemical fertiliser at a higher price in the global market	The export earnings are to be made up by shifting of markets from the Russian Republic to Italy. Brazil as a partner in international scenario under G 21; but competing for coffee trade. Spurious coffee exporter, who import for the purpose of exporting under the name of Indian coffee. Small holding plantations dominating the scene Frequent damage to the crop by white stem borer.
Grapes	Karnataka is prominent grape growing State in the South Large volumes of export of grapes to UK, Middle East, Singapore and other countries. Availability of the technology to produce quality grapes and the double pruning method which allows for harvesting grapes to catch up with the changing period of demand in the Middle East Availability of required manpower for various operations of production, harvest and packaging of grapes for exports	Quality of production Intervention of Commission agents leading to lower profits Fall in yield when cultivated for export. Non-existing marketing institutions Absence of processing units for raisins or other grape-based products. The entire produce of the State is not of export quality even in well-managed gardens. Non-existence of a powerful grape-growers association.	Provision of incentives to growers who produce quality grapes for export Steps to grow grapes as per quality standards of Europe & UK Exploring possibilities of Far East markets and also identifying new varieties to expand the export season Identifying the production belts and employing proper scientific pre-harvest management practices. Improving the post harvest infrastructure for handling, storage and transportation Strengthening the institutional development for the grape sector Development of high-tech wine/raisin industry as agro-based product	Lack of transportation infrastructure Damages to crops due to pests and diseases and sudden temperature changes.

5.2 Five C's of marketing (Situational Analysis)

The 5 C's of marketing comprises of company, customer, competitor, collaborator, and climate. It follows the framework of situational analysis and it helps us answer any questions; what areas of business should we focus on and find out the strengths and weaknesses of business.



5.21 How to Do 5C Analysis

✓ **Company**

The first C of the marketing analysis is "company." It means that we need to have a deep look at the operations of the company. Here are some of the following questions that one should ask; sample answers are also provided

1. What types of products does the company sell?
   Input business: Seeds, Fertilisers and pesticides, etc
2. How has the company differentiated its product from that of competitors?
   Gives holistic solutions: helps farmers in storage, marketing of produce etc
3. Does product have any competitive advantages?
   Has added value addition, is of better quality
4. How can we make business better than competitors?
   By giving additional services to the farmers,

5. How do the people perceive the company?
   Farmer friendly, of the farmers, by the farmers, for the farmers etc
6. How can we improve our product line and get a competitive advantage?
   Branding of a few products

✓ Customer

Customers are the most important part of the business because they buy products and services. It is important to know them well – such as who they are, where they live, their age, their income, their education level, and what their needs and wants are. When it comes to marketing and promoting product/service to the right audience one has to be very cautious. Language, images, and words resonate with audience and impact the brand. The following questions that help us understand the target customers;

1. How does our ideal customer look like?
2. What/who is the target customer that buys products?
3. What types of products do they usually buy?
4. What marketing campaign methods have got most effective sale in the past?
5. Do we see a trend in seasonal sales?
6. What is the motivating factor behind the purchase of customers? Is it product benefit, uniqueness, quality, price, convenience, or something else?
7. How/where does customer get the information about product?

✓ Competitor

Competitors play a very important role in business. Here are some of the following questions that one should ask about e-commerce business;

1. What are direct, emerging, and established competitors?
2. What other products do competitors offer that we don't?
3. What are their (competitors') biggest strengths and weaknesses?
4. How are they getting a competitive advantage over us by using which strategies?
5. What are things that we cannot do that our competitors are doing?
6. Where do we have a competitive edge over competitors?
7. Who is the target audience of competitors?

✓ Collaborator

There are several people that we work with routinely. They are very important for business. Here are some of the questions to ask before working with any collaborators:

1. Do we have a partner, shipping provider, or investor that helps us to run the company?

2. Who manages the daily operations of the company?
3. How do we process credit card payments?
4. Who is managing warehouse and inventory?
5. Who is managing the sales and distribution of products?

- ✓ **Climate:**

SWOT analysis would help one to better understand the internal capabilities and external climate of the companies. The external climate comprises macro-environmental factors like political, economical, social, technological, legal, and environmental issues.

1. What's the political environment of the country and how politicians are behaving in terms of regulations?
2. What is the condition of the country's economy, interest rate, unemployment rate, inflation rate, and other factors?
3. What are the latest innovations in the agri-tech industry? Are we going to take advantage of it or not? Are they suitable for FPO business?
4. What are the upcoming laws and regulations of the country?
5. Is company following environmentally friendly practices?

References:

https://www.researchgate.net/figure/Crop-wise-SWOT-Analysis-Karnataka_tbl1_265060730

Chapter 6: Customer Segmentation

Customer Segmentation

Marketing Goals

6.1 Concept

Customer segmentation is the concept of categorising the customer market into smaller segments based on their characteristics like age, choices, preferences, gender, or education level. This helps us make the market more easily manageable. Here are some of the other goals:

- One can better understand the needs and requirements of customers and establish a relationship with them.
- It becomes easier to recognize loyal customers.
- One can recognize multiple opportunities like up-selling and cross-selling.
- One can make better market and customer base strategies, the company's profit would increase consequently.

6.2 Types of Customer Segmentation

Here are some of the ways in which customer segmentation can be done:

✓ **Demographic Segmentation**

In demographic segmentation, we divide the market based on the customers' age, gender, marital status, social status, income, preferences, and education level.

✓ **Geographic Segmentation**

In geographic segmentation, we divide the target market based on the geographic location of customers. People living in different locations have different needs and requirements.

✓ **Behavioural Segmentation**

In behavioural segmentation, we divide the market based on the customers' attitude, likes and dislikes, pattern of shopping and knowledge.

✓ **Psychographic Segmentation**

In psychographic segmentation, we divide the market based on their values, beliefs, choices, lifestyle, interests and personality traits.

6.3 Benefit of Customer Segmentation

Customer segmentation has a huge impact on how companies manage their customers. The process of segmentation helps to reach and serve every segment effectively and efficiently. During the process companies also keep in mind their resources and overall goals. Customer segmentation offers the following benefits

- Increased Competitiveness
- New Market Opportunities
- Enhance Distribution Strategy
- Better Customer Retention
- Marketing Efficiency

6.4 Marketing Goals

Introduction

Strategic and clear marketing objectives are fundamental to any sound, effective inbound marketing plan. We can look at marketing objectives as a way to provide clear direction for the marketing team members to follow. Without defined goals, there's no clarity on what needs to be accomplished, and the brand will struggle to reach its potential. By implementing a straightforward marketing plan, company will have the goals it wants to achieve and the execution plan to meet those marketing objectives. The company is far more likely to reach goals when they are defined, outlined, and compiled into a clear list of measurable marketing objectives.

Marketing Objectives and Goals

Marketing objectives should contribute and align with the overall company goals. The marketing arm of every organization is used to support the company's goals, be it quarterly, annual or even ten years out.

Marketing Objective Examples

- ✓ Increase Sales
- ✓ Grow Brand Awareness
- ✓ Increase Lead Generation
- ✓ Decrease Customer Turnover
- ✓ Promote New Products or Services
- ✓ Grow Digital Presence

Customer segmentation helps in developing specific marketing goals. Regular customer segmentation exercises are important for an FPO to develop products appropriate to the market.

Chapter 7: Marketing Mix

The Four-Ps of Marketing - Product, Price, Place and Promotion

In agribusiness, many factors should be taken into account when determining a marketing strategy; Cash flow, storage capacity, risk of higher or lower prices and production risk are primary determinants of marketing strategy. Regardless of whether the marketer intends to offer his products at a low price or high price, he must first understand the market and strategize according to its demand and income level. The marketing mix as a strategy will influence the above variables positively.

7.1 FOUR-Ps of Marketing mix

The 4Ps of marketing is a model for enhancing the components of "marketing mix" – the way in which one takes a new product or service to the market. It helps to define marketing options in terms of price, product, promotion, and place so that the offering meets a specific customer need or demand.

The 4Ps of marketing are: Product, Price, Place and Promotion

7.1.1 Product

The first "P" of the marketing mix deals with the product.

- Product - what is it that we are going to sell.
- Product Mix - range of Products
- Product Features- colour, packaging, quality, brand name
- Product line and Width – how many product lines a company has

7.1.2 Price

The second "P" of the marketing mix is price.

There are several options to consider regarding price: 1) Price matching, 2) price making, 3) introductory penetration pricing, and 4) a competitive upgrade price strategy, etc.

Pricing - not just how much one charges for a product but how the price fits target market positioning and the image one wishes to develop.

Pricing Methods depend on:

- ✓ competition in the market and marketing strategies
- ✓ demand for product
- ✓ controlled pricing
- ✓ costs
- ✓ perceived value

7.1.3 Place

The 3rd "P" of the marketing mix deals with product placement - the width of distribution Location - the place of the business - "locate the business where the market is". Take into consideration factors in selecting an area:

- ✓ Customer accessibility
- ✓ Adequacy of transport/communication facilities
- ✓ Distribution – how products or services reach customers
- ✓ Distribution methods
- ✓ Customers come to you
- ✓ Take the product/service directly to the customer
- ✓ Use an agent merchant franchise etc. to reach customer

7.1.4 Promotion

Advertising and Promotion - are aimed at making potential customers aware of the existence of business, product and services and to encourage them to buy from us.

- ✓ Our promotions are designed to create demand.
- ✓ Different methods of promoting product or service

- ✓ Publicity - feeding media information that is of public interest (free advertisement)
- ✓ Sales Promotions

https://www.marketingtutor.net

https://www.superheuristics.com/place-in-marketing-mix/

Chapter 8: e-NAM

Unified National Market - One Price - One Market - One Nation

Electronic Markets for Agriculture

The IT revolution has changed the way agricultural marketing is conducted. Karnataka became the first state in the country to use electronic platform and started implementing the model AMPC Act through Rashtriya e-Market Services (ReMS), with the support of NCDEX (National Commodity and Derivatives Exchange) Spot Exchange. Though e-trading was practiced in APMC markets of Karnataka since the year 2006, the e-market started in the state in the year 2011 and had covered 155 APMC markets by the year 2016. The objective of the plan was to integrate all such markets (mandis) coming under APMCs to fetch remunerative and transparent prices to farmers, facilities for grading, automated auction, post-auction facilities, assaying facilities in the markets, facilitation of warehouse-based sale of produce, commodity funding, price dissemination and standardization to facilitate seamless trading across mandis on the portal of ReMS.

Electronic National Agriculture Market – e-NAM

Impressed by the success story of the e-market in Karnataka and realising the urgent need to address the challenges of the existing agricultural marketing system, the Government of India introduced a Central Sector Scheme for Promotion of National Agriculture Market through a common electronic market platform, called the electronic National Agricultural Market or e-NAM on 14th April 2016 with an objective of one price - one market - one nation.

The e-NAM is envisioned as a solution to marketing issues of all stake holders - farmers, traders, retailers, consumers and logistic providers. The e-NAM portal provides a single window service for all APMC related information and services, including commodity arrivals, prices, bids and offers. The physical movement of agriculture produce takes place through the *mandis* while the online trading is expected to reduce transaction costs and information asymmetry.

Objectives:

The main objectives of the eNAM are –

(i) to integrate markets first at the level of the States and eventually across the country through a common online market platform, to facilitate pan - India trade in agricultural commodities;

(ii) to streamline marketing / transaction procedures and make them uniform across all markets to promote efficient functioning of the markets;

(iii) to promote better marketing opportunities for farmers / sellers through online access to more buyers / markets, removal of information asymmetry between farmer and trader, better and real-time price discovery based on actual demand and supply of agri-commodities, transparency in auction process, prices commensurate with quality of produce, online payment etc. that contribute to marketing efficiency;

(iv) to establish quality assaying systems for quality assurance to promote informed bidding by buyers; and

(iv) to promote stable prices and availability of quality produce to consumers."

https://enam.gov.in/web/docs/namguidelines.pdf

The e-NAM electronic trading platform has been created by the Government of India (through the Ministry of Agriculture & Farmers' Welfare). It offers a "plug-in" to any market yard existing in a State (whether regulated or private). The special software developed for e-NAM is available to each mandi which agrees to join the national network free of cost with necessary customization to conform to the regulations of each State Mandi Act.

The National Agriculture Market (eNAM) is a pan-India electronic trading portal which networks the existing APMC mandis to create a unified national market for agricultural commodities. The Small Farmers Agribusiness Consortium (SFAC) is the lead agency for implementing eNAM under the aegis of Ministry of Agriculture and Farmers' Welfare, Government of India. SFAC will operate and maintain the e-NAM platform with the help of a Strategic Partner, presently NFCL. e-NAM is not a parallel marketing structure but rather a device to create a national network of physical mandis which can be accessed online. It seeks to leverage the physical infrastructure of the mandis through an online trading portal, enabling buyers situated even outside the mandi/ State to participate in trading at the local level.

From https://www.enam.gov.in/web/

Registration Guidelines for entities under e-NAM

FPOs/FPCs can register on e-NAM Portal or through a mobile app or providing following details at nearest e-NAM mandi:

- Name of FPOs/ FPCs
- Name, address, email Id and contact no. of authorized person (MD/CEO /Manager)
- Bank account Details (Name of Bank, Branch, Account Number and IFSC Code)
- Farmers can register on the site by clicking this link: http://www.enam.gov.in/web
- FPOs/FPCs can register at http://enam.gov.in/NAMV2/home/other_register.html

Chapter 9: Post Harvest Operations

Scientific Storage, Standardisation, Grading, Packaging

A. Need for Storage

Agriculture is characterized by relatively large and irregular seasonal and year to year fluctuations in production. The consumption of most farm products, on the other hand, is stable. These conflicting behaviours of demand and supply make it necessary that large quantities of farm produce should be stored for a considerable period of time.

The storage of agricultural products is necessary for the following reasons:

1. Common village level storage practices in India

About 60 to 70 % of food grains produced in India remain in the villages for varying periods. Food grains are stored in traditional structures and containers made from locally available material. The structures differ in size, shape, capacity and type from area to area. The life of the structures depends on construction materials and method of construction. Common construction materials are bamboo, reed, timber, burnt bricks, mud and paddy straw. The structures are mostly cylindrical, elliptical rectangular or conical in shape.

The common storage structures in rural areas are:

- Gunny bags, plastic bags
- Earthen or plastic containers

- Straw structures
- Masonry Structures
- RCC structures
- Underground structures
- Bamboo containers

2. Risks in Storage:

The storage of agricultural commodities involves three major types of risks. These are

1. **Quantity Loss:**
   The risk of loss in quantity may arise during storage as a result of the presence of rodents, insects, pests, theft and fire, etc. Dehydration too brings about an unavoidable loss in weight. It has been estimated **that about 7% of food grains are lost every year** because of poor and faulty storage in rural areas**.**
2. **Quality deterioration**:
   The second important risk involved in storage of farm products is the deterioration in quality, which reduces the value of the stored produce. These losses may arise as a result of attack by insects and pests, the presence of excessive moisture and temperature, or as a result of chemical reaction during the period of storage.
3. **Price risk:**
   This, too, is an important risk involved in the storage of farm products. Prices do not always rise enough during the storage period to cover the storage costs. At times, they fall sharply, causing the owner a substantial loss. Farmers and traders generally store their products in anticipation of price rise and they suffer when the prices fall.

3. Essentials of a good Food grain Storage Structure:

Food grains are stored at different levels in the food supply chain: the farmer, the miller, the trader, the importer and also government agencies. Stored grain is a man- made ecosystem with frequent interaction between abiotic and biotic factors. Abiotic factors are temperature, relative humidity and moisture content. Biotic factors are insect, pests, rodents, mites, fungi, etc. For medium and long term storage, a strong control on these factors is indispensable. A well- managed grain storage system can facilitate strengthening of a stable food grain supply chain round the year.

Food grain storage structures must have the following specific characteristics:

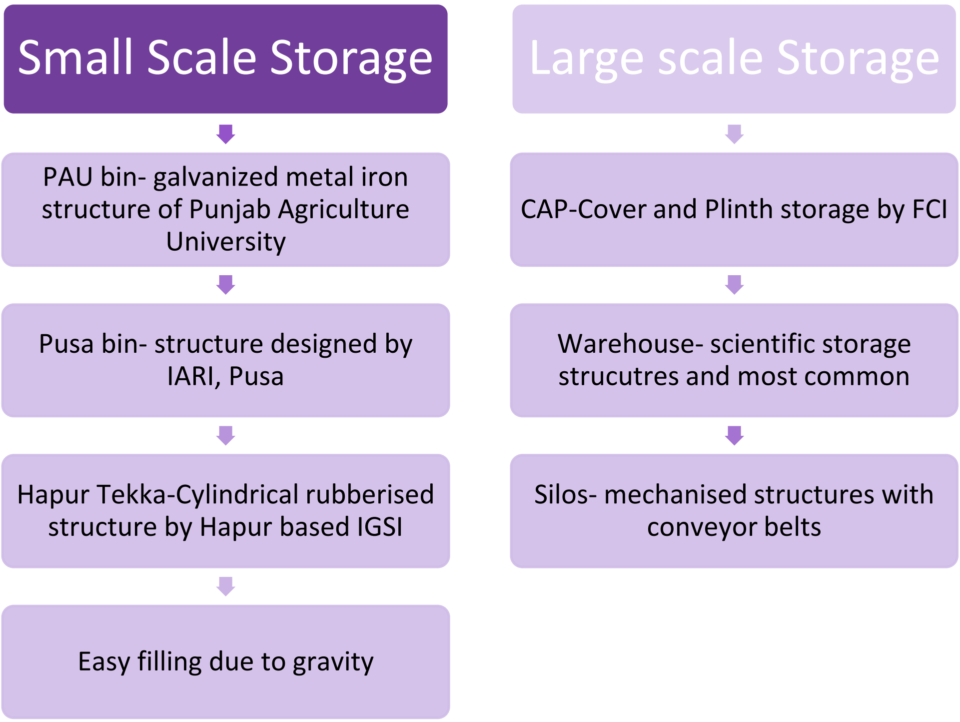
1. Walls and floors should be strong enough to support the weight of the grain to be stored.
2. Structure should be inaccessible to birds, insects, rodents and unauthorised persons.
3. The structure should be free from excess heat or rapid changes in temperature and
4. Easy entry and exit of the produce must be arranged

4. **Improved Grain Storage Structures:**

Most of the storage structures made in villages are faulty leading to high storage losses. The structures adopted in the villages for the storage of farm products in India are made of raw materials available in the area. The Govt. of India has made efforts to promote improved scientific storage facilities at the farm level through various capital linked subsidy schemes. Indian scientists and agriculturists have designed and fabricated improved storage bins for the use of farmers which are moisture resistant and rodent proof.

Keeping these points in view, various research institutions have evolved improved storage structures for farm as well as large scale storage.

Some of these improved grain storage structures are:



B. Grading and Standardisation

Grading is an important marketing function, to facilitate buying/selling, price discovery and movement of the produce. Grading means sorting of the produce into different homogeneous lots on the basis of certain characteristics, reflecting quality of the produce as done by almost every vegetable/fruit seller. The characteristics vary from commodity to commodity. Products are graded according to quality specifications. But if these quality specifications vary from seller to seller, there would be a lot of confusion about its grade. The top grade of one seller may be inferior to the second grade of another. This is when buyers lose confidence in the quality of the product. To avoid this eventuality, it is necessary to have fixed grade standards which are universally accepted and followed by all in the trade. The process of specifying the grade standards is called standardisation. Grade standards for commodities are laid down first and then the commodities are sorted out according to the accepted standards.

Standards are established on the basis of certain characteristics—such as weight, size, colour, appearance, texture, moisture content, staple length, ripeness, sweetness, taste, chemical content, etc. These characteristics, on the basis of which products are standardised, are termed grade standards. Thus standardisation means making the quality specifications of the grades uniform among buyers and sellers over space and over time. Grading follows standardisation. It is a sub function of standardisation.

1. Advantages of Grading:

Higher Price	• Enables farmers to get higher prices • Incentivises farmers to produce quality products
Marketing	• Grading facilitates marketing • Parties are assured of the quality standards
Widening of market	• Grading widens the market for the product • Buyers located at distant places can take part
Efficiency	• Grading reduces the cost of marketing by minimising the expenses on physical inspection
Competition	• Grading contributes to market competition and pricing efficiency

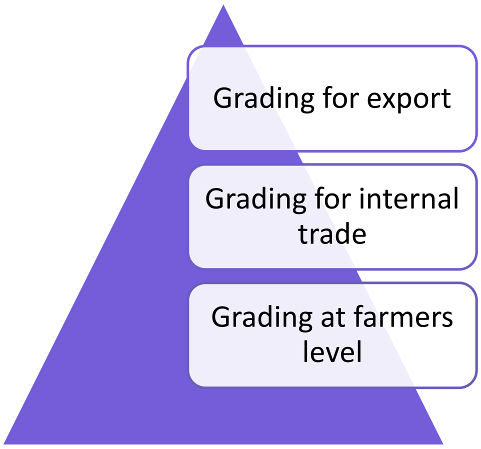
Thus grading of product is beneficial to all the stakeholders i.e. the producers, traders and consumers of the product.

2. General Criteria for Grade Standards:

The criteria which determine the adequacy of grade standards are**:**

- Standards should be built on characteristics which the users consider important. More weightage for users opinion
- Grade standards should be built on those factors which can be accurately and uniformly measured and interpreted
- The grade standards terminology should be uniform
- The cost of operating the grading system must be reasonable

3. Types of Grading and Certifications:



- ✓ Grading may be done on the basis of fixed standards or variable standards. It is of four types; Fixed, variable, centralised/decentralised and grading at producers level
- ✓ Agricultural marketing advisor, Govt. of India fixes the grade standards
- ✓ Directorate of Marketing and Inspection (DMI) exercises close supervision on grading work.
- ✓ Inspection and quality control is also ensured through regular inspection by third party.
- ✓ The central AGMARK laboratory at Nagpur and other laboratories in other cities test the quality standards.
- ✓ AGMARK is the abbreviation of Agricultural Marketing.
- ✓ It's a quality certification mark under the Central Agricultural Produce (Grading and Marking) Act' 1937.
- ✓ DMI has fixed grade specifications for around 220 commodities.

C. Packaging

Packaging is a key function performed in the marketing of agricultural commodities. It is required for nearly all farm products at every stage of the marketing process. The type of container used in the packing of commodities varies with the type of the commodity as well as the stage of marketing. For example; gunny bags are used for packing of cereals, pulses and oilseeds when they are taken from the farm to the market. For packing milk or milk products, plastic, polythene, aluminium, tin or glass containers are used.

1. Meaning of Packing and Packaging

Packing means, the wrapping and crating of goods before they are transported. Goods have to be packed either to preserve them or for delivery to consumers. Packaging is a part of packing, which means placing the goods in small packages like bags, boxes bottles or parcels for sale to the ultimate buyers. In other words, it means goods on the market in the size and pack which are convenient for the convenient for the buyers.

2. Advantages of Packing and Packaging:

Packaging is a very useful function in the marketing process of agricultural commodities. Most of the commodities are packed with a view to protect its quality and quantity during the period of transit and storage. For some commodities, packing acts as a powerful selling tool. Packaging is designed to ensure that the product reaches the consumers in good condition.

Chapter 10: Agri-Exports & IT

Agri-Export

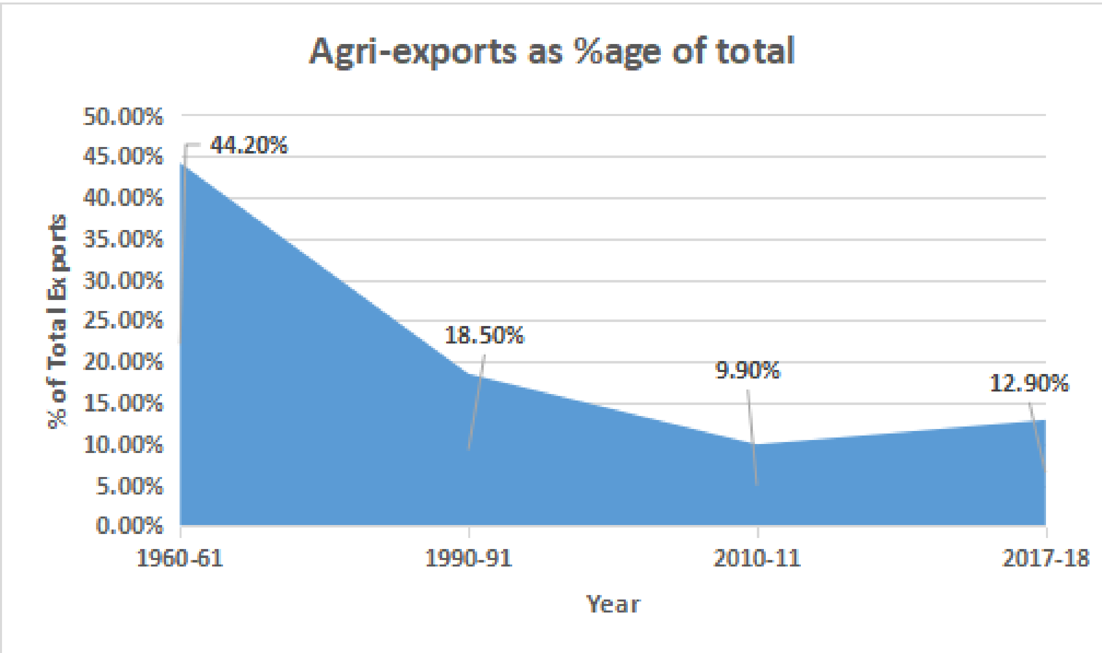
Market Information System

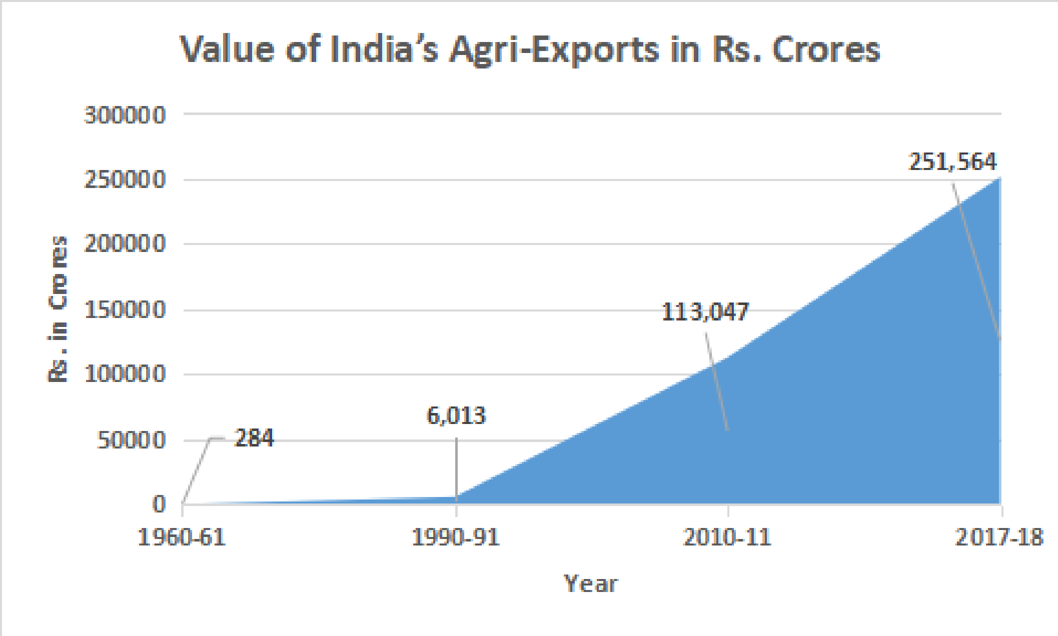
Role of Information Technology in Agricultural Marketing

A. Agri Exports from India

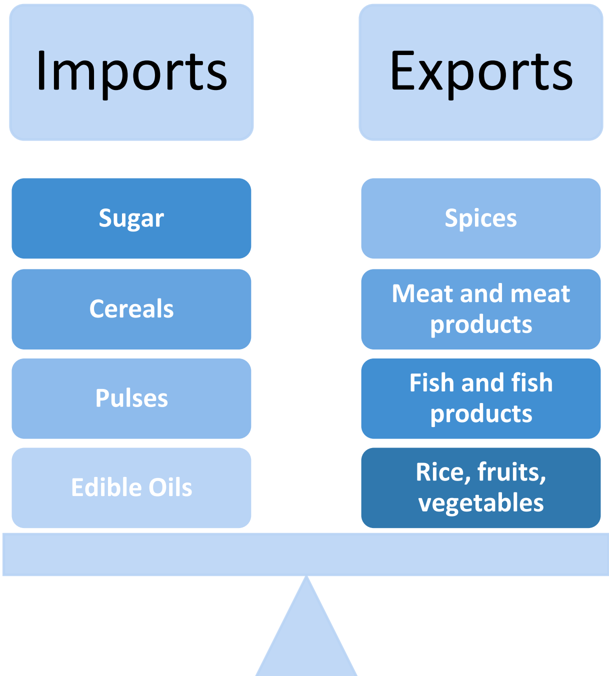
One of the important aspects of agricultural marketing is the marketing of agricultural commodities across the nation's borders usually termed as external trade or exports. Exports provide market support for the country's surpluses and generate foreign exchange earnings which increase the country's capacity to import other goods. But at the same time in the short run, they reduce the domestic availability of the commodities exported and consequently raise the domestic price level. Imports, on the other hand, though reduce the foreign exchange reserves, augment the domestic availability of goods and if these pertain to capital goods or inputs, expand or improve the production capacity. India broke into the top 10 list of agricultural produce exporters in 2019 with a sizeable share in the export of rice, cotton, soya beans and meat, according to a World Trade Organization (WTO) report on the trends in world agricultural trade in the past 25 years.

1. Share of Agricultural Products in total imports/exports of India





Changes in India's Export and Import Basket: A number of agricultural commodities are exported from India. The four-five top agri-commodities exported from India and imported into India are as below:



- Vegetable oil and pulses: 2/3rd of the total agri- import value
- 3% - India's share in world agricultural trade these days
- India is doing well in rice and fish and meat products export
- The balance of trade (Export- Import) of Indian Agriculture has been positive except in 1960-61

Prospects of Agriculture trade:

Export Opportunities in Agriculture commodities from India				
Foodgrains (rice, wheat, maize)	Sugar	Cotton	Processed foods	Tea, cashew, coffee & spices

India's Agri-export Destinations: For fully understanding the prospects and promotion of agricultural exports from India, one has to keep in view the present and possibly new export destinations. The top five (left to right) export destinations are mentioned below:

India's Agri-Export Destinations				
United States of America (USA	China	United Arab Emirates (UAE)	Hongkong	Bangladesh

2. Medium Term Strategy for Agri-Export of the Government of India

Trade Policy for Agriculture:

During the initial years of planned development in India, i.e., during 1950 to 1970s, foreign trade was seen as a constraint on growth and India followed a moderately outward looking economic policy. Only from the third and fourth five years plan was there a radical departure in the export policy and many fiscal incentives for exporters were announced. However, the liberalisation of the external sector gathered pace only since 1991.

Economic Liberalisation Since 1991

In July 1991, India introduced radical policy reforms in various economic sectors including trade. Trade restrictions on agricultural products were left mostly untouched in the 1991 reforms but during subsequent trade policy changes, restrictions on agricultural products were gradually lifted. India signed the Uruguay Round of Agreement on 15th April 1994 at Marrakesh. The treaty introduced agriculture trade in the multilateral agreement for the first time. The aim of treaty was to eliminate physical controls on agriculture trade by replacing them with bound tariff rates. The Agreement on Agriculture (AoA) came into effect from January 1, 1995 which marked the beginning of a new era of agricultural trade policy in India.

Five medium term policy priorities in external trade of agri-commodities of GoI are as below:

1. Broadening and simplification of export incentive measures and removal of restrictions on exports
2. Elimination of quantitative restrictions on imports
3. Substantial restriction in tariff rates

4. Decanalisation (canalisation = most import/export is through the goverment) of exports and imports except a few items
5. Moving to a Foreign exchange system which is free of allocative restrictions of trade

Foreign Trade Policy 2015-20

On 01st April 2015, Government of India notified the Foreign Trade Policy for the period 2015-20. This was done under Foreign Trade (Development and Regulation) Act, 1992. This policy is effective till March 2022 as per the decision of GoI. Some major trade facilitation reforms that are transforming trade scenario are as follows:

- Round the clock customs clearance facilities for consignment at major ports
- Documents are accepted in electronic format
- Centralized web based message exchange platform facilitates e-payments, e-invoices and e-delivery etc.
- RFID enabled e-seals introduced along with selective scrutiny of consignments

Agriculture Export Policy 2018 aims to -

- ✓ Increase agri exports - $60 billion by 2022 and $100 billion in next few years – Double farmers' Incomes
- ✓ Make India one of the 10 top agri export countries in the world
- ✓ Double India's share in world agri exports (now 3%)
- ✓ Set up a stable and predictable trade policy regime with limited state interference
- ✓ Diversify exports by products and destinations
- ✓ Promote perishable and high value commodities and value added products for exports.
- ✓ Focus on novel indigenous, organic, ethnic and traditional agri products
- ✓ Special funds have been assigned to set up specialised clusters in different states for specialised agri products/group of products
- ✓ Involve FPOs and link these FPOs/clusters to global value chains
- ✓ Avoid placing processed agri products and all organic products under the ambit of restricted category.

The Government of India in September 2019 appointed Agriculture counsellors in 10 countries which are among the top five export destinations in one or more agri products under 13 categories identified for export push. The ten countries are UAE, Vietnam, USA, China, Bangladesh, Nepal, Saudi Arabia, Iran, Malaysia and Japan.

3. Export Promotion Councils and Authorities in India

In India various export promotion Councils and Authorities are supporting Agriculture export. The objective of Export Promotion Councils and Authorities is to develop and promote the exports of the nation. Each Council is in charge of the promotion of a specific group of projects, products, and services. The council helps in sponsoring the development of export-related industries. They assist in diversifying the productive sector of the nation and to foster market-oriented, private sector-economy via market oriented export goods development. List of a few export promotion councils and Authorities supporting agriculture export in India a given below -

- Cashew Export Promotion Council of India
- Cotton Textiles Export Promotion Council
- Indian Silk Export Promotion Council
- Jute Manufactures Development Council
- Central Silk Board
- Coconut Development Board
- Coir Board
- Federation of Indian Export Organisations (FIEO)
- Tea Portal- Tea Board India
- State Trading Corporation of India (STC)
- Spices Board of India
- Rubber Board
- National Medicinal Plants Board
- National Oilseeds and Vegetable Oils Development Board
- National Horticulture Board
- National Dairy Development Board
- National Cooperative Consumers Federation of India
- Handloom Export Promotion Council

4. Process to be followed by farmers, FPOs & Companies for undertaking export

Export
- Establishing an Organisation
- Opening a Bank Account
- Obtaining Permanent Account Number (PAN)

Export
- Obtaining Importer-Exporter Code (IEC) Number
- Registration cum membership certificate (RCMC)
- Selection of product and Selection of Markets

Export
- Finding Buyers and sampling
- Pricing/Costing and Negotiation with Buyers
- Covering Risks through ECGC

B. Market Information

Market information is an important function which ensures the smooth and efficient operation of the marketing system. Accurate, adequate and timely availability of market information facilitates decisions about when and where to market the products. Market information creates a competitive market process and checks the growth of monopoly or profiteering by individuals. It is the lifeblood of a market.

Importance of market information

Market information is useful for all sections of the society which are concerned with marketing. Its importance may be judged from the point of view of individual groups. These groups are:

Farmer producers	• Helps in improving the decision making power of the farmer • Provides clue about When and where to sell his produce • Gives him the power to decide the medium through which he may sell
Market Middlemen	• Market Middlemen need information for purchase, storage and sale of goods • Middlemen need to know whether market is sluggish or active • Whether prices are rising or falling
General Economy	• Market economy needs information for competition • Business of forward trading is based on market information
Government	• Govt need market information for framing policy • Govt. needs it for buffer stocking, import-export and administered prices

Types of market Information: Market information is of three types as given below

- Market Intelligence- Information about past prices and arrivals
- Market News- Information about current prices and arrivals
- Market Outlook- Information regarding future prices and arrivals

Good market information must be relevant, accurate, comprehensive and available easily and in a timely manner to be of maximum advantage to users.

C. Information Technology (IT) Applications in Agricultural Marketing

Agricultural marketing requires connectivity between the markets, the growers/exporters/traders, industry, and consumers through a wide network of national and international linkages so as to provide day to day information with regard to the commodity arrivals and prices; to provide links for on-line international market information, to inform about the latest research in agricultural marketing and to provide connectivity with the World Trade Centres.

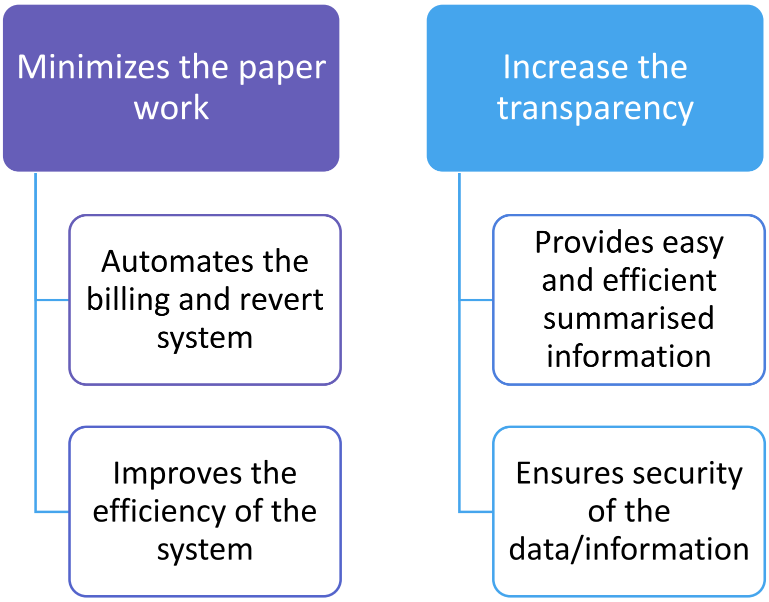
Information technology is now regarded as the fifth factor of production along with land, labour, capital and management. It has integrated the world by the use of internet. IT is basically concerned with e-commerce, i.e on line information facilitating transactions, future planning for purchases and selling of agricultural commodities and inputs. IT in agricultural marketing comprises the following tasks:

- Linking and networking of agricultural markets
- Computer aided auction display and tradings
- Marketing Information System
- Commodity information system
- Highway automation system

Use of IT in Agriculture marketing: There are four ways of making use of IT in improving agriculture marketing:

a. **Holistic and Integrated information System:** With a view to fully utilising the information technology, agriculture marketing information service system has been set up at the national level. Such a service should be an integrated service incorporating the farmer advisory service with decision support system. Such a system will help farmers in taking intelligent decisions related to storage, pricing and marketing. The information system should be broad-based to include information related to aspects such as storage, transport, weather forecasts and export potentials.

b. **Electronic Auctioning System (EAS):** EAS is the system to perform the bidding process electronically. The EAS can help in larger markets where number of lots for auction is large and the time allotted for bidding is limited. The main advantage of EAS are as below:



c. **E-catalogue for commodity profiles:** In the context of need to increase export competitiveness, each and every product needs to be publicised highlighting its characteristics on nutrition values, chemistry, quality standards, seasonality, quantity available for supply and prices. A brief commercial profile of the commodity on the internet can help the buyer in making comparative analysis of costs and margins.

d. **National Atlas of Markets:** Mapping of the agricultural markets of the country is a pre requisite for carrying any planning/developmental activity. All the regulated markets along with their classification on the national maps can give a synoptic view of the distribution of the markets. The infrastructural facilities, the volumes transacted, the area and population served, and the outflow and inflow of the commodities are the various aspects, which should be mapped out. Mapping of country's markets would also be useful for research, planning and policy formulation. The National Atlas of the Agricultural Marketing should be based on the application of GIS tools.

References and Suggested readings:

1. Agricultural Marketing in India by S. S. Acharya and NL Agarwal

2. Websites of Ministry of Commerce and Industries and Directorate General of Foreign Trade (DGFT) and APEDA

Chapter 11: Commodity Futures Trading

Commodity Futures and Options Trading

Forward and Futures

Commodity futures exchanges - NCDEX and MCX

Commodity Futures Trading

Futures trading is a mechanism for protection against the price fluctuations which arise during the course of the marketing of commodities. Stockists, processors or manufacturers utilize the futures contract to transfer the price risk faced by them. Futures trading includes both hedging and speculation. Futures markets are therefore, known as hedge markets.

Conceptually, futures trading is an agreement between a buyer and seller

- obligating the seller to deliver a specified product of specified quality and quantity to the buyer on a specified place;
- the buyer in turn is obligating to pay to the seller a pre-negotiated price in exchange for the product.

Futures trading thus performs two important functions viz. **price discovery** and **hedging of price risk** in a commodity. Widely divergent views exist on the effects of futures trading.

Options and Options Trading

An option is a financial derivative that represents a contract sold by one party (the option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation to buy (call) or sell (put) a security or other financial asset at an agreed upon price (the strike price) during a certain period of time or on a specific date (exercise date). The option carries lower trading costs as compared to futures trading. Further, as options carry limited downside risk, it would encourage/help the farmers to hedge their commodity price exposure. However, the design of the derivative product and awareness creation of derivative options, will determine as to how far farmers can benefit.

It may be noted that MSP also works like options contract. If prices fall below the MSP, the Government has the obligation to buy from the farmers at MSP. But the farmer is under no obligation to sell to Government and is free to sell in the open market.

Nature of commodities for Futures Trading:

The commodities permissible under futures trading must satisfy the following conditions:

- Commodities should be in plentiful supply

- The commodity must have a minimum degree of perishability, i.e it must be storable for futures delivery
- The commodities should be homogeneous and capable of being graded so that quality issues in future do not come up
- The commodities should have a large demand from a number of independent consumers so that a single buyer may not impose his conditions
- There should be free flow of commodities to and from the market without any outside interference

Role of commodity future exchanges: Commodity futures exchanges provide **an electronic trading platform** that helps create a transparent price delivery mechanism. The price delivery happens when the seller enters the quantity and the price at which he is willing to sell, and the buyer enters the quantity and the price at which he wishes to buy. When a sell and buy order match, a trade gets generated. On the electronic platform, the buyer and the seller remain anonymous, with no scope for manipulations.

Trading in commodity futures is attracting investors because of the below mentioned reasons:

- Transparency
- Low margins
- Price clarity
- Risk management

For risk management exchanges have well-structured settlement procedures and prudent risk management practices.

The **clearing house** stands as a legal counter party between the buyer and the seller, thus clearing house becomes buyer to every seller and seller to every buyer.

The farmers can also sell their anticipated produce in advance on these platforms and thus reduce their price/market risk.

Progress of Commodity Futures in India

- ✓ The commodity futures trade in India has been in existence since late 18th century but their growth has been stunted due to restrictive policies implemented till the early 1990s.
- ✓ With the initiation of economic liberalisation and signing of agreement on agriculture of the World Trade Organisation (WTO), interest in these markets has been revived for their risk management and price discovery role.
- ✓ To provide against the unhealthy speculation, forward trading in agricultural commodities was regulated under the Forward Contract (Regulation) Act 1952.
- ✓ The number of commodities for futures trading was allowed is around 148. These include wheat, rice, paddy, spices, gur, gram, jowar, bajra, maize, tur, moong, cotton, methi, pepper, chilli, ginger, etc.

- ✓ The Forwards Market Commission was the regulator for commodity futures trading. The FMC was however merged with SEBI in 2015.
- ✓ There are three national commodity exchanges namely NCDEX, MCX and ICEX.
- ✓ NCDEX is the largest farm commodity exchange in India. There are 36 agricultural commodities traded at NCDEX.
- ✓ Around 250 FPOs are currently trading on NCDEX platform with a membership of more than five lakh members.

The NCDEX

National Commodity & Derivatives Exchange Limited (NCDEX) is a professionally managed on-line multi commodity exchange. The shareholders of NCDEX comprise large national level institutions, large public sector bank and companies. The current Shareholders include Life Insurance Corporation of India (LIC), National Bank for Agriculture and Rural Development (NABARD), National Stock Exchange of India Limited (NSE), Canara Bank, Punjab National Bank (PNB), CRISIL Limited, Indian Farmers Fertiliser Cooperative Limited (IFFCO), Shree Renuka Sugars Limited, etc.

The MCX

The Multi Commodity Exchange of India Limited (MCX), India's first listed exchange, is a state-of-the-art, commodity derivatives exchange that facilitates online trading of commodity derivatives transactions, thereby providing a platform for price discovery and risk management. The Exchange, which started operations in November 2003, operates under the regulatory framework of Securities and Exchange Board of India (SEBI).

MCX offers trading in commodity derivative contracts across varied segments including bullion, industrial metals, energy and agricultural commodities, as also on indices constituted from these contracts. The Exchange focuses on providing commodity value chain participants with neutral, secure and transparent trade mechanisms, and formulates quality parameters and trade regulations, in conformity with the regulatory framework. The Exchange has an extensive national reach, with 620 registered members and 48,427 Authorised Persons with its presence in around 981 cities and towns across India as on 30 June 2021.

Forward Futures Trading and Farmers

The forward/futures trading provide an alternate market place for farmers. They also help farmers address price risks by helping to lock in a price. However, the futures market and exchanges need the following for their efficient functioning and growth:

High volumes and enough market depth

Frequent trading and effective participation of trading members

Well developed spot markets

Adequate physical delivery in all commodities

Well developed grading and harmonized standards

How to Deposit a Commodity in NCDEX Approved Warehouses

An indicative list of documents is provided below:

- Mandi license with agri market yard near to FPO's base location
- GST registration of FPO
- Registration KYD (Know Your Depositor) with warehouse service provider (WSP)

How does an FPO get registered on NCDEX

The FPO needs to open Trading and Repository Account with Exchange and Repository Participants respectively. The documents needed to open the Account are:

1) Account opening form filled and signed with Seal of company (Authorised Signatory) at all the places (marked '√' for client signature) by the authorized signatories
2) PAN card of company (attested by any director)
3) Address proof of company (attested by any director)
4) Certified true copies of Memorandum & Articles of Association (all pages attested by any director)
5) Banker's authorization letter (For signature verification of authorized Directors)
6) Copy of last two year's ITR (Income tax return)
7) Copy of Board Resolution on letter head of company (As per prescribed format) with seal of the company (all pages attested by any director)
8) Last six months Bank statement (all pages attested by any director) with one cancelled cheque leaf

9) Copy of latest shareholding pattern (direct & indirect) (all pages attested by any director)
10) Latest audited annual report of the company (all pages attested by any director)
11) Copy of Aadhar and PAN card of all directors (self-attested)
12) List of directors (as given on ministry of corporate affairs website) on letter head of company. Status of company on ministry of corporate affairs website should be 'Active'.
13) List of authorized signatories with photograph and specimen signature

Farmers Association participation on NCDEX Platform

NCDEX, in line with government's vision of doubling farmers' income, has introduced several initiatives to provide farmers with access to commodity derivatives market to mitigate their price risks. Further, NCDEX has been handholding FPOs through a number of initiatives such as price dissemination through free SMS service, awareness cum training programmes across the country, reaching out to farmers through dedicated TV show "Mandi.com" on DD Kisan, among others. These initiatives have been able to encourage more and more FPOs to use commodity derivatives platform as a transparent and fair alternate market platform for ensuring that they are able to manage their price risk.

A study carried out by A.C. Nielson in the early 2007, where a survey of over 2,000 farmers was conducted across 6 states, covering important crops like wheat, mustard, urad, chana, soybean, etc. revealed that farmers accrued several benefits as a result of tracking NCDEX

- They had cross country awareness about the prices of their commodities.
- They could take decisions on which crop to grow in the next season based on the futures prices of commodities.
- They could take decisions on the grade of seed to be sown in the next season.
- They could better negotiate with buyers as well as intermediaries and get better prices.

What are the warehouse charges levied by the Exchange: Warehouse charges levied by Exchange differ from commodity to commodity. To support participation, NCDEX endeavours to reduce the warehouse rent for FPOs.

- Exchange levies maximum 0.006% as Transaction charges
- 0.004% as Risk management fees
- 0.15% as delivery charges.

GST is charged on all the above mentioned charges @18%.

Chapter 12: Warehousing

Warehouse receipt finance

e-NWR

Risk in marketing

A. Warehousing in India

In 1928 the Royal Commission on Agriculture underscored the need for a warehousing system in India. The All India Rural Credit Survey Committee of the RBI also made comprehensive recommendations for the development of warehousing as an integrated scheme of rural credit and marketing. As a result of the recommendations of the Committee, the Govt. of India enacted the Agricultural Produce (Development and Warehousing) Corporations Act, 1956. The Act provided for establishment of:

Central Warehousing Corporation	State Warehousing Corporation	National Cooperative Development and Warehousing Board

In 2007, the Govt. of India enacted 'The Warehousing (Development and Regulation) Act' 2007. The Act envisages bridging the gap that exists between farmers and credit institutions by trying to address the risk factors like deterioration in quality of agricultural produce stored in warehouses, guarantee of quality and quantity stored in warehouse and repayment capacity of farmers. The new Act is of immense benefit not only to farmers but also to the industrial and private sector. A farmer by depositing his produce in a registered warehouse can use the **Negotiated Warehouse Receipt (NWR**) as collateral for obtaining short term loans and thereby avoid the need to sell the produce as soon as it is harvested. A stable NWR system has the potential to induce farmers to produce crops as per the marketable grades and standards for being kept in warehouses. The new Act is encouraging private investment in warehousing, which was long overdue.

Registration of Warehouses: warehouses must be registered with the relevant authority under the Act after fulfilling prescribed norms.

Warehouse Receipt (warrant): A warehouse receipt is a receipt /warrant issued by the warehouse manager/owner to the person storing or depositing for storing his produce in the warehouse. This receipt mentions the name and location of the warehouse, the date of issue of receipt, a description of the commodity, including the grade, weight and approximate value of the produce based on the present price. The warehouse owner of a licensed warehouse is authorised to issue the warrant/receipt, which may be negotiable or non-negotiable. Non-negotiable receipts can be issued only in electronic and not physical form. As per Negotiable Instrument Act, 1981, the negotiable instrument means a promissory note, bills of exchange or cheque payable either to order or to bearer. This negotiable instrument can be transferred by a simple endorsement and delivery. The essential characteristics of a negotiable instrument are as below:

- Easily transferrable
- Absolute and Good Title
- Transferee becomes holder of the good

Benefits of Warehouse Receipts:

- Warehouse Receipts provide farmers with an instrument that allows them to extend the sales period of products well beyond the harvesting season.
- When it concerns agriculture, secure Warehouse Receipts may reduce risk and lead to lower lending rates.
- Warehouse Receipts can be used by farmers to finance their production, and by processors to finance their inventories
- Warehouse Receipts contribute to the creation of cash and forward markets and thus enhance competition
- A Warehouse Receipt system provides a way to reduce the need of government agencies in procurement of agricultural commodities

Electronic Negotiable Warehouse Receipt – e-NWR

The Warehouse Development Regulatory Authority (https://wdra.gov.in/) has launched electronic Negotiable Warehouse Receipt from 26th September 2018 and thereby migrated to IT based eNWR ecosystem, by licensing two Repositories namely, M/s CCRL (sponsored by CDSL) and M/s NeRL (sponsored by NCDEX). All the registered warehouses are on boarded to Repository System for issuing eNWR against the deposits. The depositor can use eNWR to get loans against underlying commodities from banks and lien will be marked by the repository.

What are the requirements for the warehouses for registration with WDRA?

The warehouses which fulfil the following criteria can apply for registration of their warehouse with WDRA:

1. The warehouse is constructed as per BIS/CWC/FCI standards and is storage worthy.
2. Has all the safety and security arrangements for the stock and premises.

3. Has the requisite manpower with adequate experience in warehousing.
4. Availability of requisite infrastructure in terms of weighing, grading and preservation.
5. The entity has its own Standard Operating Procedure (SOP) or adopts the model SOP of WDRA.
6. Adequate insurance is taken for the stock against fire, flood, theft, burglary, misappropriation, riots, strikes or terrorism.
7. Possesses Net worth as specified by the Authority.
8. Furnishes security deposit as specified by the Authority for securing the negotiable warehouse receipts issued by the warehouse
9. Exhibits compliance to local laws for carrying out the business of warehousing.
10. Has a KYD process in place as prescribed by the Authority

Funding a Warehouse Registration for FPOs:

Application fee for registration of a warehouse: Where the applicant/warehouseman is a Farmer Producer Organisation or a Co-operative, the fee shall be Rs. 5,000 per warehouse.

Net worth requirement for registration of a warehouse: Where the applicant/ warehouseman is a Farmer Producer Organisation or a Co-operative, the net worth should be positive.

Financial concessions available to Cooperative Societies and FPOs for registration of warehouse:

- The registration fee is only Rs. 5000 for FPOs as compared to Rs 20,000 to 30,000 for others
- Networth is required to be only positive irrespective of the capacity, while for others it is specified with respect to the capacity of Warehouse
- Security deposit for FPOs is Rs. 50,000 per warehouse in the form of a Bank Guarantee or a bank FD (fixed irrespective of the value of NWRs issued by it), while for others it is a minimum Rs 1 Lakh plus a percentage of value of NWRs issued.
- Training of Warehouse Managers/Supervisors is provided by the WDRA

B. Types of Risk in Marketing of Agricultural Commodities

Risk has been identified as uncertainty about cost, loss or damage. Risk is inherent in all marketing transaction. There is the risk of the destruction of the produce by fire, rodents or other elements, quality deterioration, price fall, change in tastes, habits or fashion, and the risk of placing the commodity in the wrong hands or area. There is a time lag between the production and consumption of the farm products. Longer the time lag, greater the risk. Most of the risk is taken by market middlemen, for they have the capacity to bear it. Whenever risks are greater and varied, the margin taken by the risk bearer is higher and vice-versa.

The risks associated with marketing are of three basic types:

Physical risk
- Includes a loss in the quantity and quality of the produce during marketing process
- It may be due to fire, thft, earthquake, flood, rodents, pests, insects, fungus, moisture , heat or inadequate storage

Price risk
- Prices of agricultural produce fluctuates not only during month to month but also on the same day
- Prices may go upward or downward depending upon the forces of demand and supply

Institutional risk
- These emanate from changes in Govt. policy, in tariff and tax laws, statutory price controls, etc.
- This also comes from movement restriction, imposition of levies, ban on exports, etc.

Minimization of risks: The agencies engaged in marketing activities worry about the risks associated at every stage; and they continually try to minimize the effects of these risks. A risk cannot be eliminated but it can be mitigated by adopting some risk management practices. Some of the risk mitigation techniques are given below:

- Reduction in physical loss – by adopting fire proof and improved storage structures
- Use of better and quick transportation facilities
- Use of proper packaging material
- Use of cold chain for perishable commodities
- Transfer of risks to insurance companies

References and Suggested readings:

1. Agricultural Marketing in India by S. S. Acharya and NL Agarwal

2. Websites of Ministry of Commerce and Industries and Directorate General of Foreign Trade (DGFT) and APEDA

Conclusion

Most FPOs in India restrict themselves to seasonal bulk procurement of commodities for selling to traders or for MSP procurement. The agricultural market in India is changing and diversifying. There is a massive investment in infrastructure in India – physical ad digital. It is a good time for FPOs to take advantage of the available policies, infrastructure, schemes and mentoring support available to them to make a mark in the marketing sphere. The sector is highly dynamic. Some topics such as online retail platforms have not been covered in this material. We are at the cusp of the launch of the Open Network for Digital Commerce – ONDC, which like the UPI payments systems could bring in revolutionary changes to marketing by smaller players. Let us hope that this training module creates a foundation for FPOs to play a larger role in marketing their members' produce.

Bankers Institute of Rural Development (BIRD), Lucknow is an autonomous institute promoted by National Bank for Agriculture and Rural Development, the Development Bank of the country. It is a premier institute for providing training research and consultancy services in the field of agriculture and rural development banking in India and abroad. The Institute was established in 1983, for addressing the capacity building needs of stakeholders. BIRD, Lucknow is an ISO 9001: 2015 certified training Institute.

Clients

All Banks, Government agencies, MFIs, NBFCs, Financial Sector, NGOS and Civil Societies.

Coverage (Training, Consultancy, Research)

Project Lending-Agriculture and MSME, Climate Finance, Rural Banking, Farmer Producer Organization, Micro Finance, Human Resource, Financial Inclusion, Training of Trainers, Executive Development, Management Development Programme, IT based Banking, Green Finance, Responsible CSR, Group approach to Development, Women Empowerment, Organizational Development, Investment & Treasury Management, Risk Management.

Faculty

Faculty are drawn from NABARD, banks and scholars of respective fields and have pan-India level field experience. The faculty have specialization in Banking Finance, Financial Inclusion, Agriculture &Allied sector, Fisheries, Forestry and Human Resources, etc.

Infrastructure

43 acre green campus has world class infrastructure in terms of class rooms, simulation and AV Rooms, Board Room, Conference Hall, Auditorium, Library, Gym, Air-conditioned Hostel Rooms, Local and International cuisine.