Innovations for Linking Farmers to Markets: Indian Experience

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India’s existing Agro-economic reality

- Fragmentation of land holdings
- Declining trend in productivity of green revolution zones
- Absence of Agro-processing industries
- Shifting food consumption pattern at home and abroad
- Poor quality of produce due to lack of infrastructure and awareness
Consequences

- Declining economies of scale for cereals production
- Insignificant existence of non-farm employment in the rural sector
- Need for diversification of agriculture towards high value crops.
- Exports of vegetables 1.7% and fruits 0.5% only of world trade in spite of 11% and 15% share of world production respectively
Advantages of Horticulture towards Employment & Income

- Has comparative advantage where markets are accessible, arable lands scarce and labor abundant.
- Two to four times more labour absorbing than the production of cereals.
- Net farm income substantially higher in horticultural smallholder farms.
- World trade in fresh fruits and vegetables increased by five times in volume between 1970 and 2001.
The Challenge

- To enable smallholder farmers as beneficiaries of this changed cropping pattern
- To minimize marketing and transaction costs barriers to small farmers’ participation
- To incorporate private entrepreneurial skills and investment potential for handling the huge quantities of high-value agricultural products
- To ensure Govt. support towards infrastructure, policy and legal matters for proper governance to the changing marketing scenario under the PPP model.
Objective of the Study

1. To review the empirical case studies from India which incorporate various innovative practices of linking farmers to market.

2. To point out the gaps between our perception and performance towards linking farmers to markets.
Types and nature of Market Linkages in India

1. Human resource-based market linkage
2. Infrastructure Strengthening market linkages
3. Corporate-led market linkages
4. Institutional initiatives
1. Formal Cooperatives:
   - Dairy Cooperatives
   - Mahagrapes
   - HOPCOMS

2. Growers’ Association:
   - MDFVL
   - Spencers

3. Contract Farming
Infrastructure Strengthening Innovations

1. Rythu Bazaar – Andhra Pradesh
2. Apni Mandi – Punjab
3. Uzhavar Santhai – Tamil Nadu
4. Shetkari Bazaar -- Maharashtra
Corporate-led Innovations

1. e-Choupal – ITC
2. Hariyali Kissan Bazaar -- DCM
3. Subhlabh – Mahindra & Mahindra
4. Kissan Sansar – Tata Chemicals
Institutional Initiatives in Market Linkage

1. CFTRI initiatives

2. NDDB initiatives
Our Observations

1. Direct selling of horticulture produce will ensure remunerative prices to farmers
2. less well-off consumers are relatively more benefited through organised retailing
3. All middle-traders will not be rendered jobless, but most will be benefited from expanded business opportunities.
Concluding Remarks

1. Expected benefits of inclusion of smallholders in the restructured mkt. not always present.

2. Various modes of farmers’ inclusion in the restructured mkts. in India are concentrated only in few states.

3. Deficiency in dissemination agro-climate specific scientific knowledge of farming and export mkt. awareness to farmers.

4. Public-private initiatives necessary to provide basic infrastructure, quality seeds, post-harvest facilities and efficient input-output delivery mechanisms.
Thank you