

Marketing Challenges for Cash Crops with special reference to Rice Produced In Karnataka

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Abstract:

Agriculture is a basic occupation. It is the oldest business in the world and nearly two-thirds of the population of the world is dependent on agriculture for its livelihood. Agricultural progress is normally regarded as a prerequisite of economic development. Agriculture is the foundation on which the entire superstructure of the growth of industrial and other sectors of the economy has to stand. Most industrialized nations of the present-day world were once predominantly agricultural.

In India, agriculture is the main occupation. About 58 per cent of the population depends upon agriculture. It is the backbone of the Indian economy and is the oldest and the largest occupation of India. It is the centre around the entire economy revolves. Among the several food crops, rice is the most important food crop of India.

This paper highlights the Rice Cultivation requirements and marketing challenges faced by farmers.

Key Words: Rice, Farmers, Cultivation, APMC

1.1 INTRODUCTION

Agriculture is a basic occupation. It is the oldest business in the world and nearly two-thirds of the population of the world is depended on agriculture for its livelihood. Agricultural progress is normally regarded as a prerequisite of economic development. Agriculture is the foundation on which the entire superstructure of the growth of industrial and other sectors of the economy has to stand. Most industrialized nations of the present-day world were once predominantly agricultural.

In India, agriculture is the main occupation. About 58 per cent of the population depends upon agriculture. It is the backbone of the Indian economy and is the oldest and the largest occupation of India. It is the centre around the entire economy revolves. Among the several food crops, rice is the most important food crop of India.

Origin and History of Rice

The rice plant belongs to the genus *Oryza* of Gramineae family. The genus *Oryza* has 24 species, of which 22 are wild and two species such as; *Oryza Sativa* and *Oryza Glaberrima* are cultivated. All the varieties found in Asia, America and Europe, belong to *Oryza Sativa* and varieties found in West Africa belong to species *Oryza Glaberrima*.

Further, *Sativa* rice varieties of the world are commonly grouped into three sub-species – viz *Indica*, *Japonica* and *Javanica*. Rice grown in India belongs to the *Indica*. The varieties developed in Japan belong to *Japonica* and *Javanica* are cultivated mainly in Indonesia

The origin and history of rice probably dates back to the antiquity. As per archaeological evidences and by the many references, India and Burma should be regarded as the center of origin of cultivated rice. It has probably been the staple food and the first cultivated crop in Asia. Rice has been cultivated in India since ancient times. In fact, rice was known in India before the present era as per the reports of the many investigators based on the study of Sanskrit and various other languages in South-Eastern Asia.

Rice Cultivation in India

Rice is the most important cereal food crop of India. It occupies about 23.30 per cent of gross cropped area of the country. It plays vital role in the national food grain supply. Rice is one of the most important food crops of India and 2nd of the world. It feeds more than 50 per cent of the world population. It is the staple food of most of the people of South-East Asia. Asia accounts for about 90 per cent and 91 per cent of world's rice area and production respectively. Among the rice growing countries, India having the largest area under rice in the world and in case of production it is next to China. However, productivity of India is much lower than that of Egypt, Japan, China, and Vietnam, USA and Indonesia and also the average productivity of the world. It contributes 42 per cent of total food grains production and 45 per cent of the total cereal production in the country. Each and every part of the plant has various uses in society. It is also used in medicine as well as cooking oil. One-third of the world's rice cultivation area is 83 million hectares of land in India. It is grown in almost all the states of India but is mostly concentrated in the river valleys, deltas and low-lying coastal areas of north eastern and southern India. The rice producing states are Assam, West Bengal,

Bihar, Madhya Pradesh, Orissa, Andhra Pradesh, Tamil Nadu, Kerala, Karnataka, Maharashtra, Gujarat, Uttar Pradesh and Jammu and Kashmir, which together contribute over 95 per cent of the country's crop. Of these, West Bengal, Orissa, Andhra Pradesh, Tamil Nadu and Bihar are the major cultivators. In India, rice is often grown in areas with naturally favourable conditions like water-logging, high rainfall, salinity, alkalinity, acidity, high temperatures and high humidity. In parts of eastern and southern regions, the mean temperature throughout the year is favourable for rice cultivation and therefore many rice crops are raised in the course of a year. In the northern and western parts, temperature in winter season is fairly low and therefore rice is grown once a year during the months from May to November.

Marketing of Rice

Marketing has its greatest and most enduring role to play in the economic changes in developing countries. An efficient internal marketing system for agricultural commodities holds the key for rural development and for making the challenges thrown up by explosive growth of population in developing countries. Marketing holds the key for agricultural development which could determine the quality of urban life. There is great scope for expanding the rice export market provided appropriate technology supported by research and extension work to enhance rice production to meet the requirements is adopted. Further, in order to meet foreign competition, a lot of standardization, technology inputs, packaging and processing are required for marketing.

The changes and improvements in agricultural marketing in India, changes of farreaching significance have taken place in agricultural marketing in Karnataka and all other states of the country.

Agencies for Rice Marketing

- Producers
- Village merchants
- Itinerant merchants
- Wholesale merchants and commission agents
- Rice mill agents
- Food corporation of India (FCI)
- State Agricultural Marketing Federation (Market yards)

Marketing Channels, Costs and Margins Marketing Channels:

(i) Private:

The major marketing channels identified in the private sector are

- Producer -> Miller -> Wholesaler -> Retailer -> Consumer
- Producer -> Commission Agent -> Miller -> Wholesaler -> Retailer -> Consumer
- Producer -> Itinerant Merchant -> Miller -> Wholesaler -> Retailer -> Consumer
- Producer -> Wholesaler (Rice) -> Miller -> Wholesaler (Rice) -> Retailer -> Consumer
- Producer -> Miller -> Retailer -> Consumer
- Producer -> Miller -> Retailer -> Consumer
- Producer -> Miller -> Retailer -> Consumer

(ii)Institutional:

It covers the public and co-operative sector agencies. It plays a very significant role in the procurement and distribution of Rice/rice. Food Corporation of India is the main agency for procurement, buffer stock operations and distribution of rice. The main institutional marketing channel for rice is as under; Producer -> Procuring Agency (FCI/State Govt./Co-operatives) -> Miller (FCI/Cooperatives/Private) -> Distributing Agency (State Govt.) -> Fair price/Ration shop -> Consumer.

Marketing Costs:

Marketing costs are the actual expenses incurred in bringing goods and services from the producer to the consumers. The marketing costs normally include;

- a. Handling charges at local points
- b. Assembling charges
- c. Transport and storage costs
- d. Handling charges by wholesaler and retailer
- e. Profit margins taken by different agencies.

Organizations Providing Marketing Services

Name of the organization

1. Directorate of Marketing and Inspection (DMI) NH-4, CGO Complex Faridabad
Website: www.agmarknet.nic.in
2. Food Corporation of India (FCI), Barakhamba Lane, Cannaught Place, New Delhi-110001 Website:www.fciweb.nic.in
3. Central Warehousing Corporation (CWC), 4/1 Siri Institutional Area Opp. Siri Fort New Delhi- 110016 Website: www.fieo.com/cwc/
4. Agricultural and Processed Food Products Export Development Authority (APEDA), NCUI Building 3, Siri Institutional Area August Kranti Marg, New Delhi 110016
Website: www.apeda.com
5. National Co-operative Development Corporation (NCDC), 4, Siri Institutional Area, New Delhi-110016 Website: www.ncdc.nic.in
6. Director General of Foreign Trade, (DGFT), Udyog Bhavan, New Delhi. Website: www.nic.in/eximpol
7. State Agricultural Marketing Boards (SAMBs).

Marketing Constraints:

1. **Unstable price:** Generally, the price of Rice/rice goes down in the post-harvest period (3-4 months immediately after harvest) due to heavy arrivals in the market and later shoots up, which results in unstable prices.
2. **Spurt in production and heavy arrivals:** After the introduction of high yielding varieties of rice, the production has increased manifolds, increasing the arrivals in the markets, which results in distress sale after harvest.

3. **Lack of marketing information:** Due to lack of market information regarding prevailing prices, arrivals etc., most of the producers market the Rice/rice in the village itself, which deprives them of getting remunerative returns.

4. **Adoption of grading:** Grading of Rice/rice at producers' level ensures better prices to producers and better quality to consumers. However, most of the markets are lagging behind in providing grading service at producers' level.

1.2 LITERATURE REVIEW

Som R. K., Bhattachary G. C. and Namboodiri N. K. (1960) in their study entitled on "Type-Study on Peak Period in Harvesting Aman Rice, West Bengal, December 1954 - January 1955" suggested that it may be more economical to maintain a supply of labor which would be required at the time of busy periods of agricultural activities, even if they remain comparatively under-employed in the remaining period of the year.

Roy Shyamal (1971) in his study entitled "Profitability of HYV Rice Cultivation" pointed out that the relative profitability of HYV Rice and wheat is examined with the object of determining whether some cost factors give HYV wheat an advantage over Rice. The analysis suggests that, it is the lower net profits per acre for HYV Rice relative to HYV wheat that mainly account for the slower spread of area under HYV Rice. It is indicated here that profits from HYV Rice cultivation can be raised by further improvement in technology, reduction in unit costs of inputs, and higher crop prices.

Ann L. Stoler (1977) entitled the "Rice Harvesting in Kali Loro: A Study of Class and Labor Relations in Rural Java" described the methods of harvesting labor requirement and payment in the context of village economy and present quantitative data on harvesting practices. It concludes with a discussion of the historical developments in labor relations for the research site (Kali Loro) and Java in general and relates changes in the dominance of certain labor arrangements to recent and widespread changes in harvesting practices today.

Mencher P Joan (1978) entitled "Agrarian Relations in Two Rice Regions of Kerala" in his study examined the nature of agrarian relations in the two main rice regions of Kerala, Kuttanad (a low-lying area covering parts of Alleppey, Kottayam and Quilon Districts) and Palghat, in order to examine one, forces interfering with production and, secondly, the class relations that serve to impede a more equitable distribution of food and other commodities. The study describes some of the striking contradictions in each area, and offers some tentative predictions for their future development

Amrutha C.P (1994) in her thesis entitled on "Economics of Processing Rice into Rice, Poha, Murmura and Popped Rice" studied the economics of processing Rice into rice, poha, murmura and popped rice in Chitradurga and Dharwad District of Karnataka. The processing cost incurred per quintal of rice production by small size mills (Rs. 93.19) was found to be lower than those of large size mills (Rs. 103.28). Similarly, total returns also increased with increase in size of mills- Rs. 405.20 and Rs. 514.40 per quintal, respectively, in small and large size mills.

Hayami Y, Kikuchi M and Marciano E B (1999) article entitled on “Middlemen and Peasants in Rice Marketing in the Philippines” this study reported that the channel of rice marketing from farmers to consumers in Laguna province, Philippines. The survey revealed a highly competitive nature of rice marketing in this area where the countless number of middlemen competes in the procurement of Rice from farmers for rice mills, leaving little room for monopoly/monopsony exercises. Intense competition was also found in wholesaling by mills to retailers as well as retailing to consumers.

Chengappa P.G, Aldas Janaiah and M. V. Srinivasa Gowda (2003) entitled “Profitability of Hybrid Rice Cultivation: Evidence from Karnataka” in their study analysed the hybrid rice cultivation has not increased significantly in Karnataka since the introduction of hybrids in the state in the mid-1990s. This study focuses on the profitability aspects of hybrid rice cultivation based on farmers' experiences during the 2000-01 crop year. Hybrid rice was found to be higher yielding but less profitable than existing high-yielding varieties. The study provides reasons for lower profitability and explains the constraints in hybrid rice expansion based on farm-level data.

Paul A. Dorosh (2004) in his study entitled “Trade, Food Aid and Food Security: Evolving Rice and Wheat Markets” argues that trade liberalization, which permitted the import of rice and wheat by the private sector, has enhanced national food security in Bangladesh. In particular, it highlights the positive contribution of rice imports from India in recent years of major production shortfalls. The study also makes a case for a flexible rice trade policy to protect farmers from the potential disincentive effects of continued food aid and low-cost commercial imports. **White Barbara Harriss (2005)** in her study entitled on “Commercialization, Commodification and Gender Relations in Post-Harvest Systems for Rice in South Asia” described that when the output of a product that forms the basis of subsistence and social reproduction - as rice is for Asia - expands, the marketed surplus rises disproportionately to the growth rate of production. This implies that activities that once formed part and parcel of household labor activity (performed by women - even if under the control of men) also become commercialized. Food security depends not only on the market, but also on the social and political structures within which markets are situated. One of these social structures is gender. Two aspects of this gendered process are explored in this study, the first being 'productivity and displacement deprivation'.

Raghendra Jha, K. V. Bhanu Murthy and Anurag Sharma (2006) their study entitled on “Fragmentation of Wholesale Rice Markets in India” pointed out in their study tests for market integration in 55 wholesale rice markets in India using monthly data over the period January 1970 - December 1999. The technique of Gonzalez-Rivera and Helfand (2001) is used to identify common factors across various markets. It is found that wholesale rice markets are considerably fragmented. A major reason for this is the excessive interference in rice markets by government agencies and barriers to internal trade. As a result, it is hard for scarcity conditions in isolated markets to be picked up by markets with abundance in supply. A number of policy implications are also considered.

Suresh. A and Keshava Reddy T.R (2006) entitled on “Resource-use Efficiency of Rice Cultivation in Peechi Command Area of Thrissur District of Kerala : An Economic Analysis” examined the resource productivity and allocative as well as the technical efficiency of Rice cultivation in the Peechi Command Area of Thrissur District in the Kerala state. The cost of cultivation of Rice in the command area has been found as Rs. 21603/ha,

resulting in a BC ratio of 1.34. The elasticity coefficients for chemical fertilizers, farmyard manure and human labor have been observed significant and positive. The allocative efficiency has indicated that marginal return per one rupee increase under these heads would be Rs. 2.83, Rs. 1.57 and Rs. 1.17, respectively. The average technical efficiency of the Rice farmers in the command area has been found as 66.8 per cent.

David C. Dawe, Piedad F. Moya, Cheryll.B. Casiwan, Jesusa. M. Cabling (2008) article entitled on “Rice Marketing Systems in the Philippines and Thailand: Do Large Numbers of Competitive Traders Ensure Good Performance?” found that rice marketing costs in the Philippines are higher than in Thailand mainly due to higher interest rates in the financial system. Other fundamental factors that also result in higher costs include endowments of water and land, rice price and trade policy, road quality and lack of nonfarm job growth. However, the greater costs can only account for about a fourth of the difference in gross margins, implying much higher returns to management in the Philippines despite similar levels of risk and no evidence of collusion. The “excess profits” in the Philippine marketing system suggest there is much to learn about how developing country commodity markets with competitive structures function in actual practice.

Measwat H.O (2008) in his study entitled the “Rice Marketing in Cambodia : The Role of Growers” emphasized the strong emergence of competition in the marketing system of rice has a largely positive impact on the role of rice growers in Cambodia. This study not only brings a close link between the growers and other entrepreneurs and a strong connection between the agricultural and manufacturing sectors, but also demonstrates the various roles that growers can play in the marketing system in order to modernize their agricultural practices. It also gives them an opportunity to build a strong competitive advantage and enables them to standardize the quality of Rice. The contribution of growers to the marketing system and vice versa has a potential to bring sustainable development to the rural economy by giving mutual benefit within the system.

1.3 RESEARCH METHODOLOGY

Research methodology is a systematic way to solve the problem. It is often understood as a science of studying how research is done scientifically and the methods adopted in research study. Hundred (100) farmers from ballari district are selected for sample study. The farmers from the ballari district were classified into three categories namely Small, Medium and Large on the basis of their size of land holdings.

Small Farmers: up to 5 acres

Medium farmers: 5 to 10 acres

Large farmers: 10 and above acres.

A. SOURCES OF DATA

➤ PRIMARY DATA

The primary data is collected from the respondents with the help of interview scheduled and with related google forms created.

➤ **SECONDARY DATA**

Secondary data are collected from various journals published and various sources and related articles

B. DATA COLLECTION METHOD

Through the google forms responses will have to be collected with help of questionnaire. The questionnaire consisted of a set of questions, asked to the respondent for his/her response; the questionnaire was structured and no disguised. It was done in a prearranged order and the object of the research was revealed to the respondent. The questionnaire consisted of combination of open ended and close ended questions.

C. PLAN OF ANALYSIS

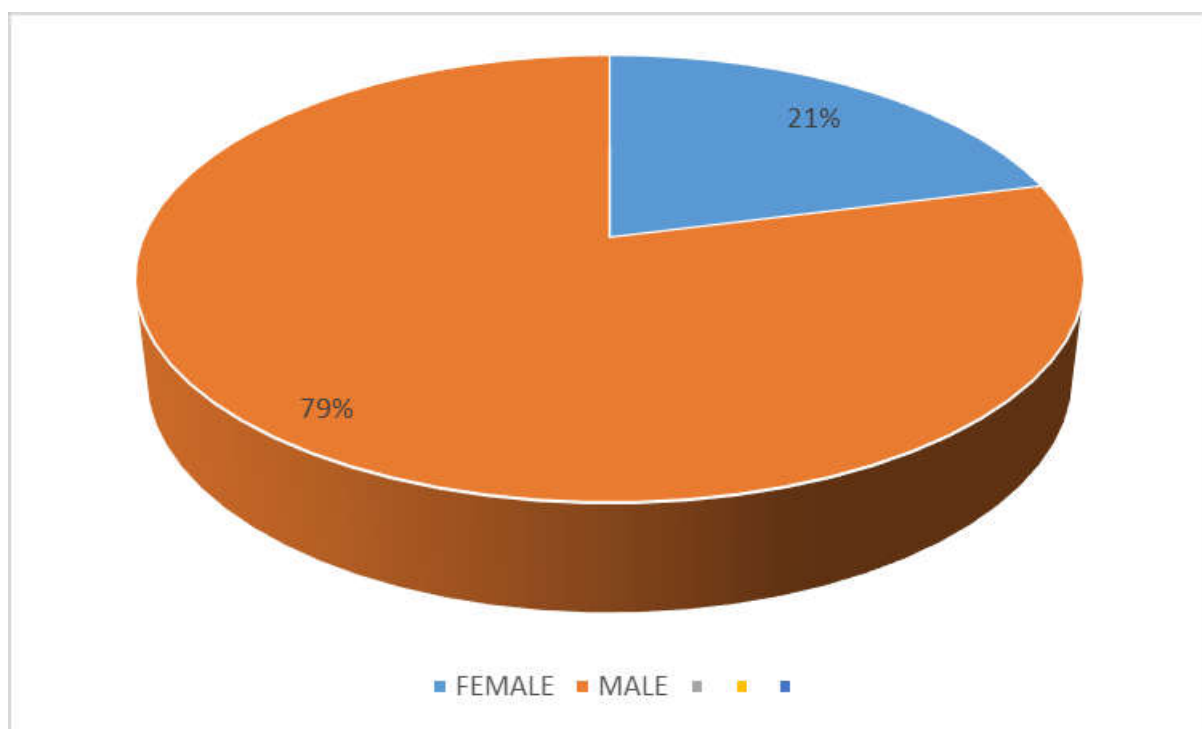
For the purpose of analyzing the collected information from the respondents the statistical tools and techniques are use i.e. table, charts and graphs. Presentation of data is to make projection and to draw meaningful conclusion.

1.4 OBJECTIVES OF THE STUDY

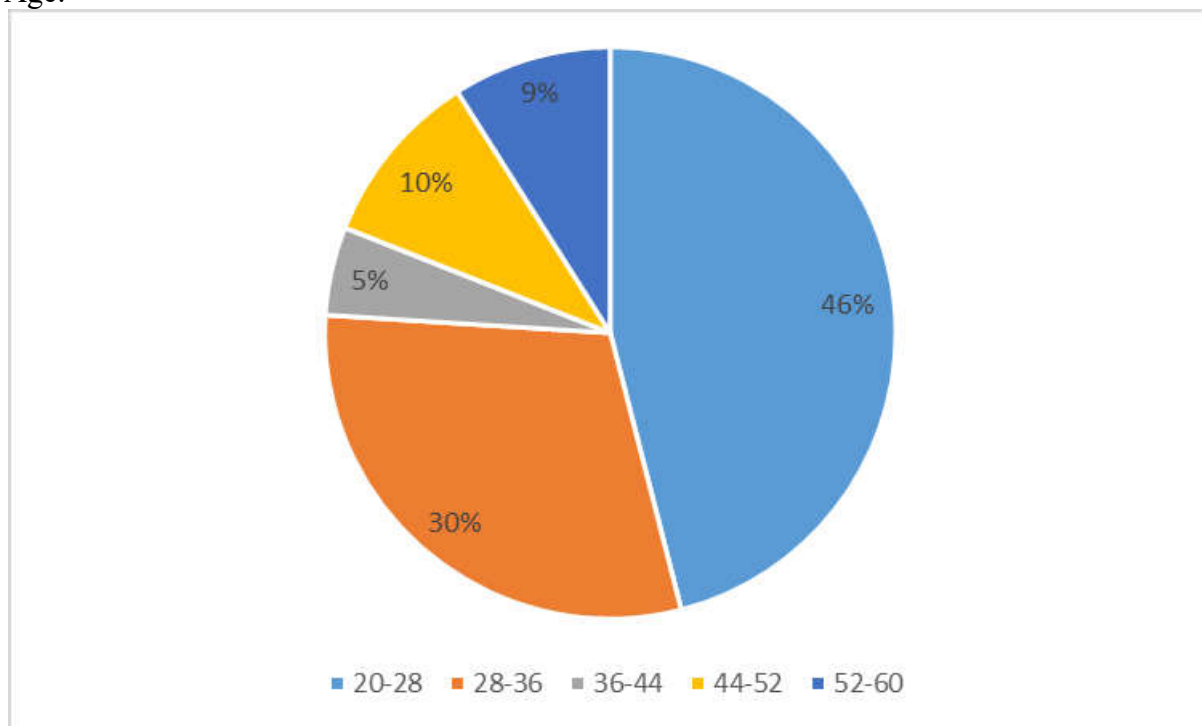
- To analyze growth and instability of rice cultivation in Karnataka and in Ballari district
- To examine the structure of agricultural marketing with reference to Rice in Karnataka and in Ballari district
- To analyze the farmer's resources under different size groups in relation to Rice cultivation in study area.
- To study the problems related to production and marketing of Rice in the present study area.

1.5 DATA - INTERPRETATION AND ANALYSIS

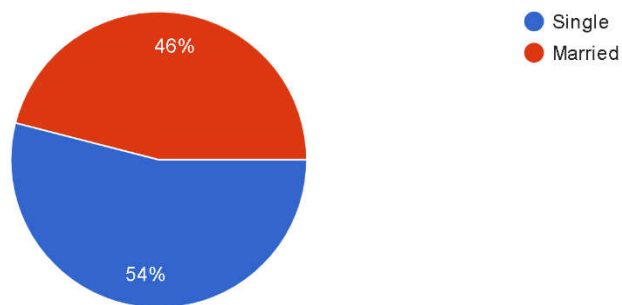
Gender:



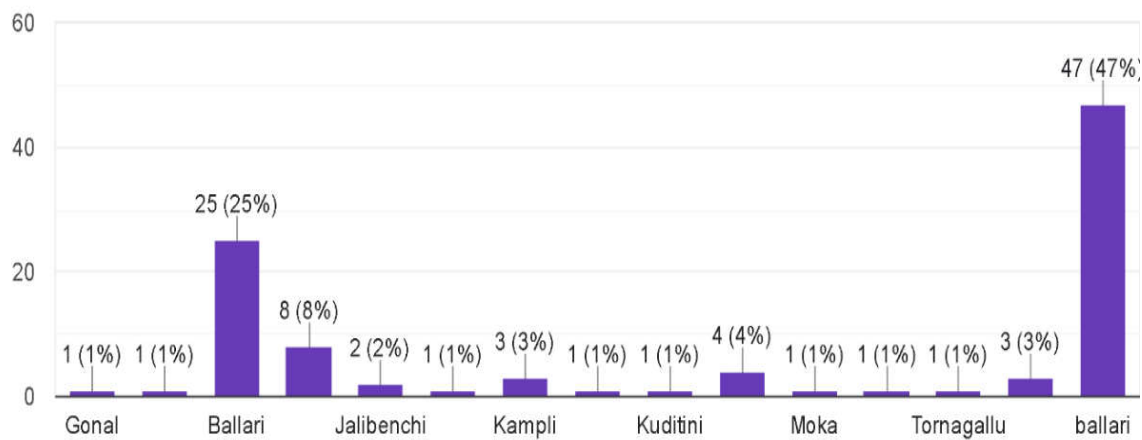
Age:



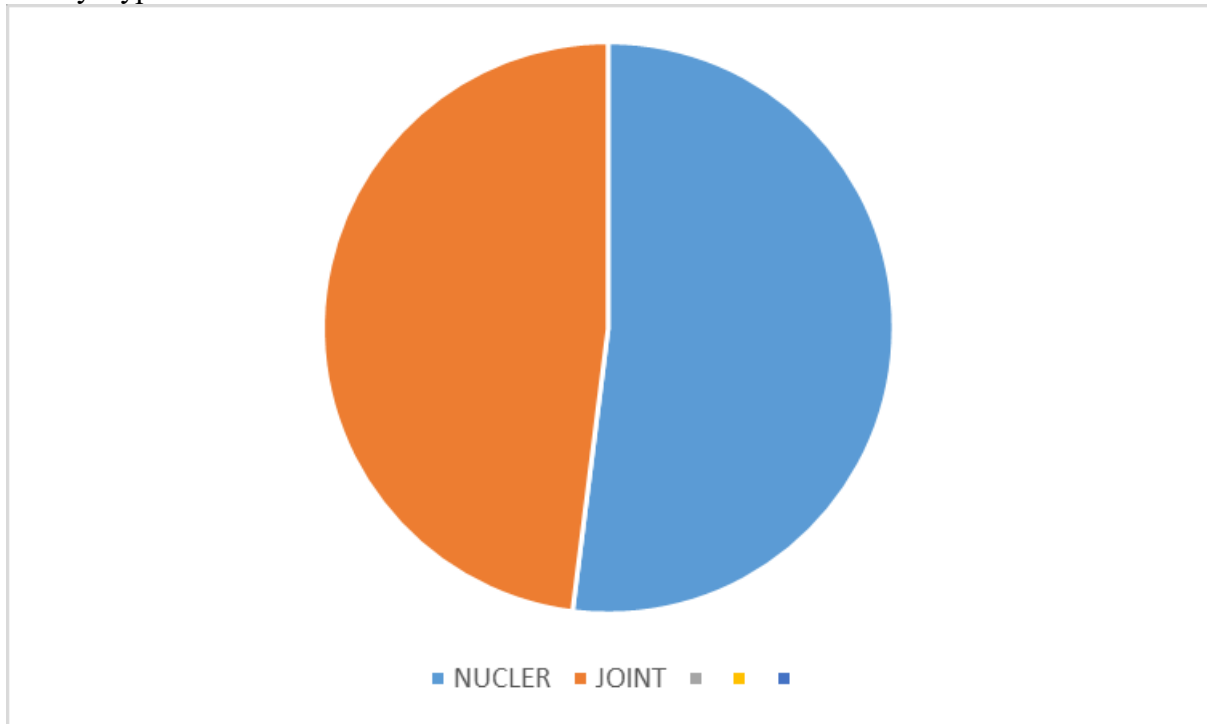
Marital status:



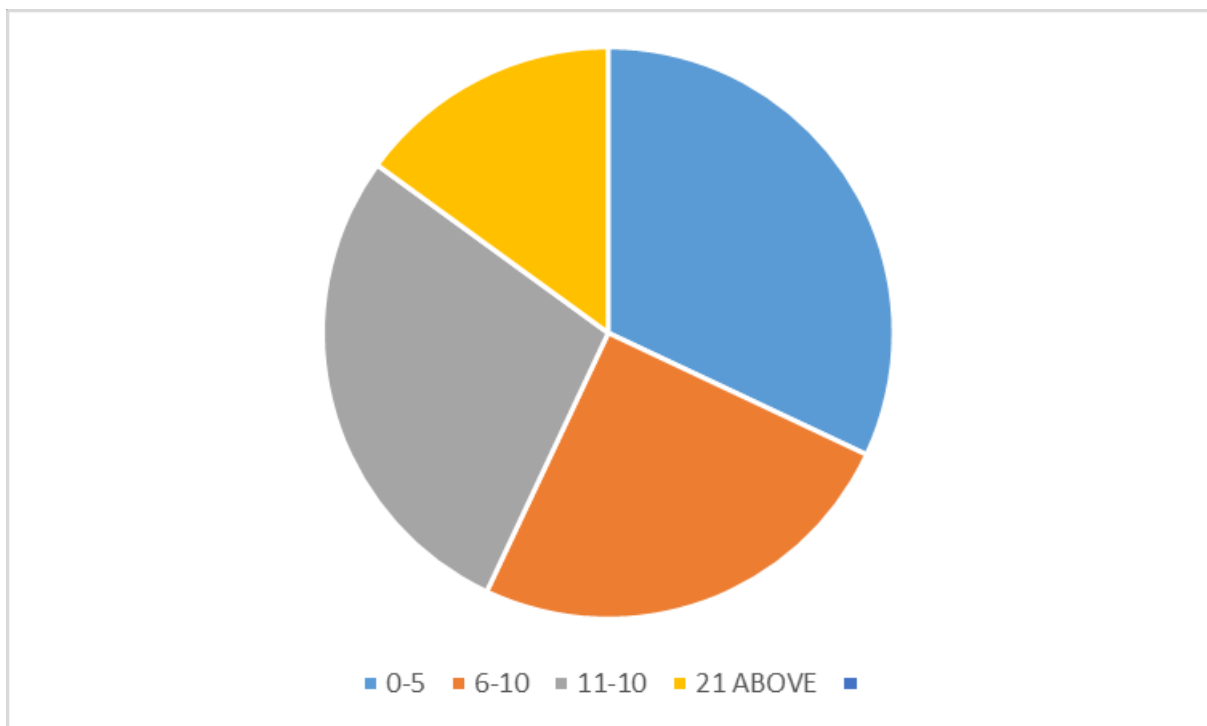
Place:



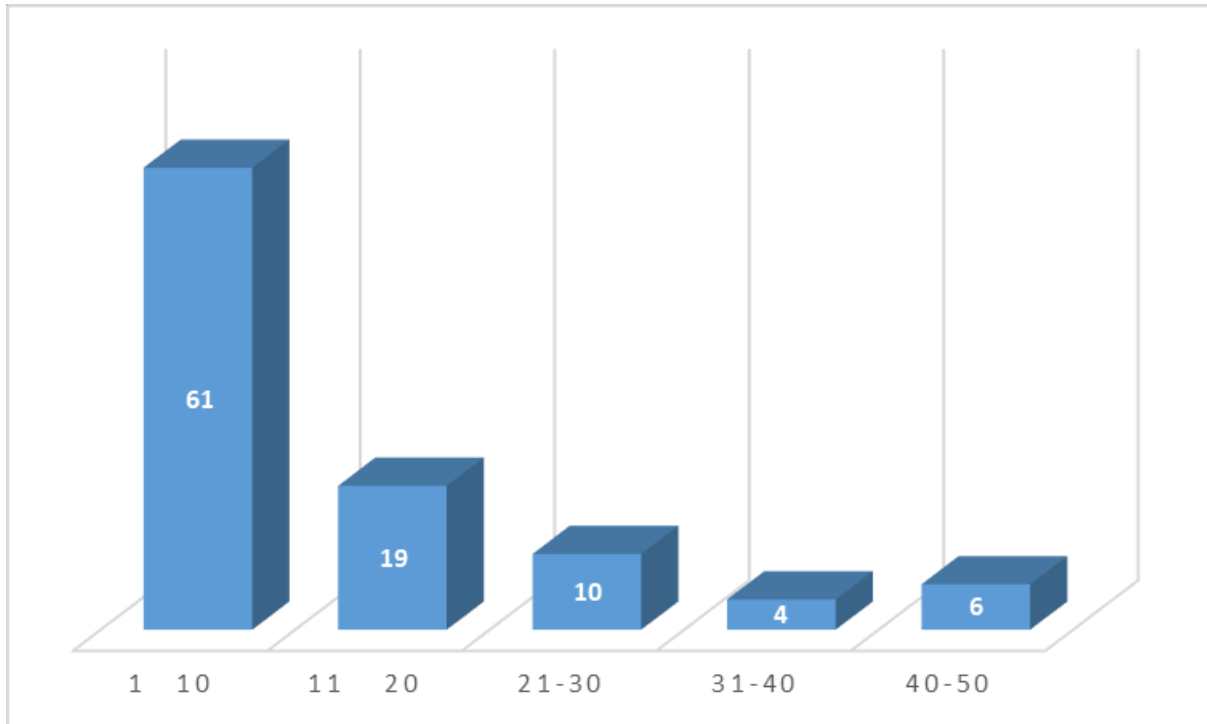
Family Type:



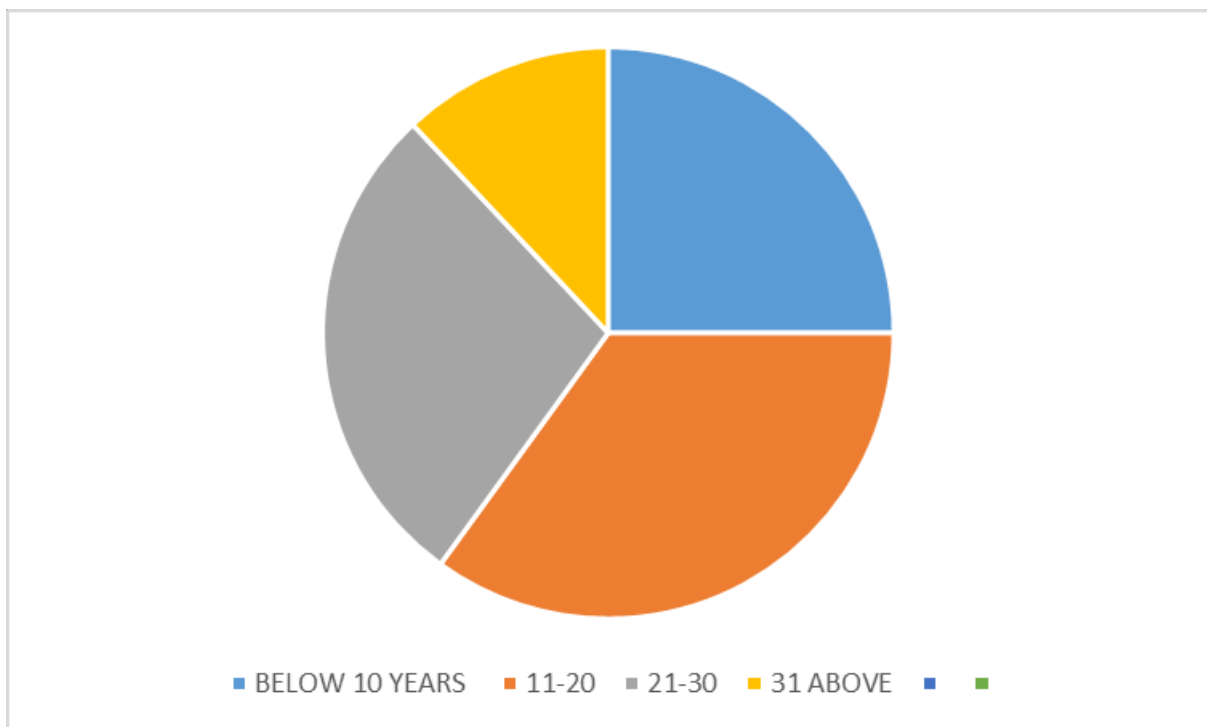
Land Owned in Acres:



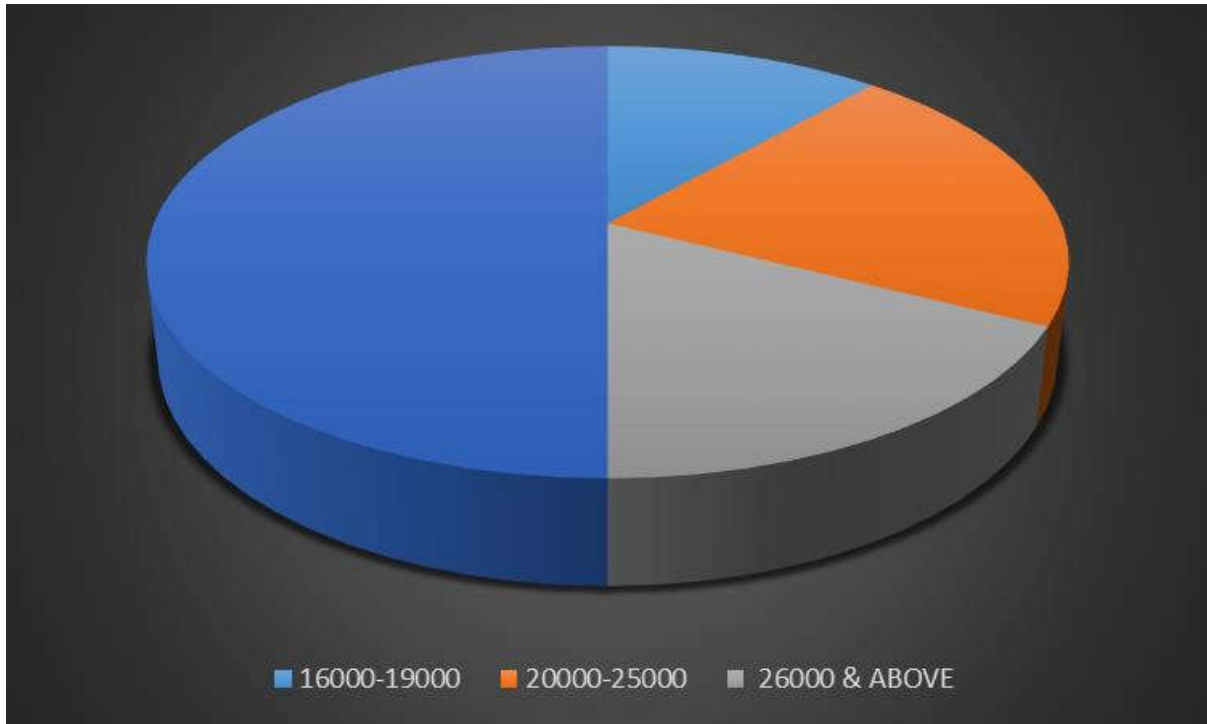
Usage of Land for Cultivation:



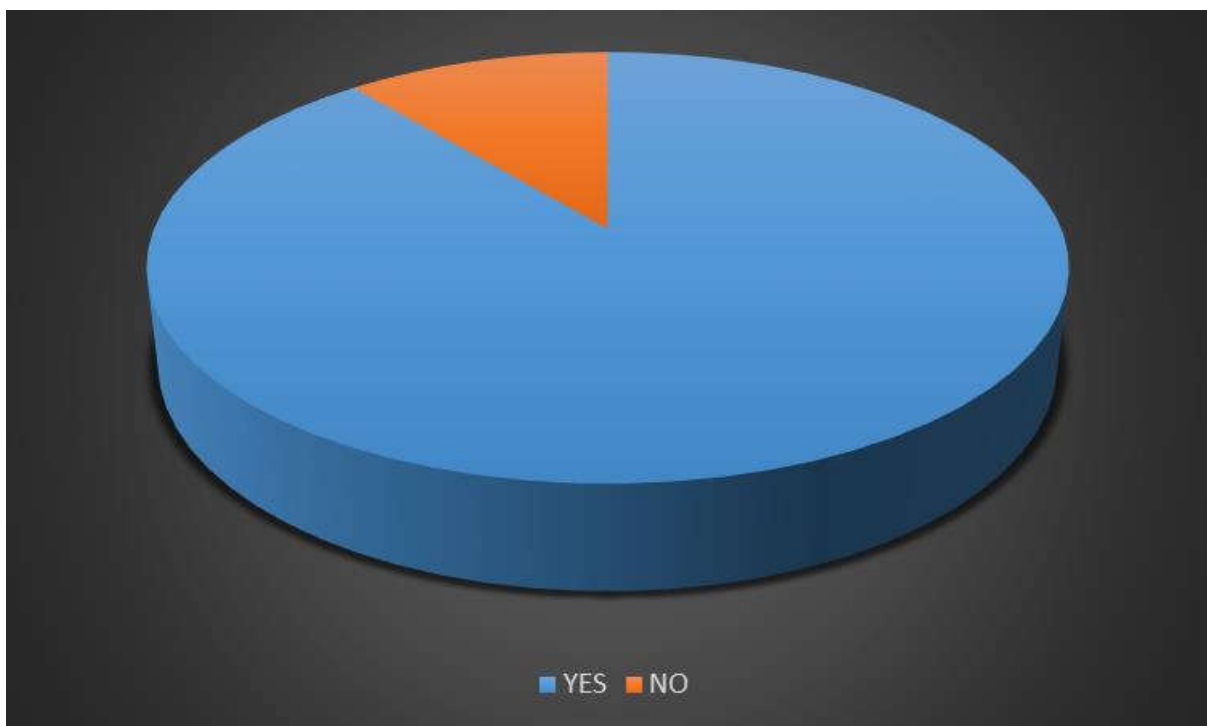
Experience in Rice Cultivation:



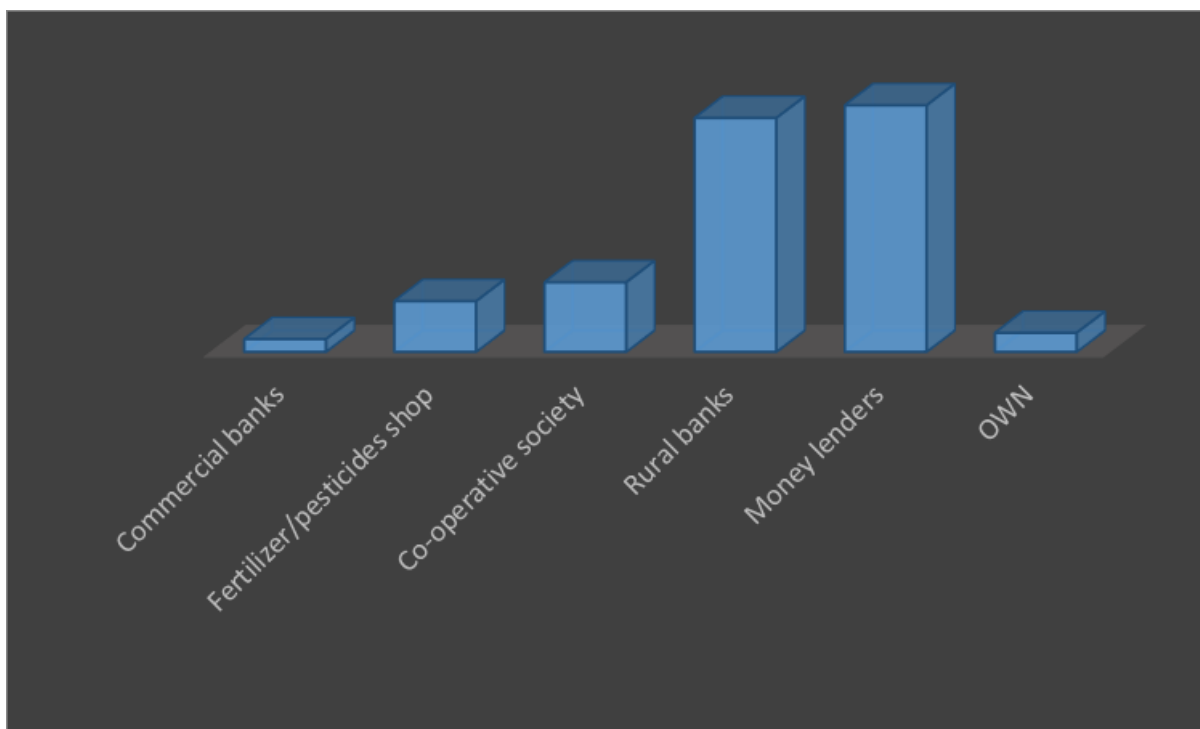
Cost of Production per Acre:



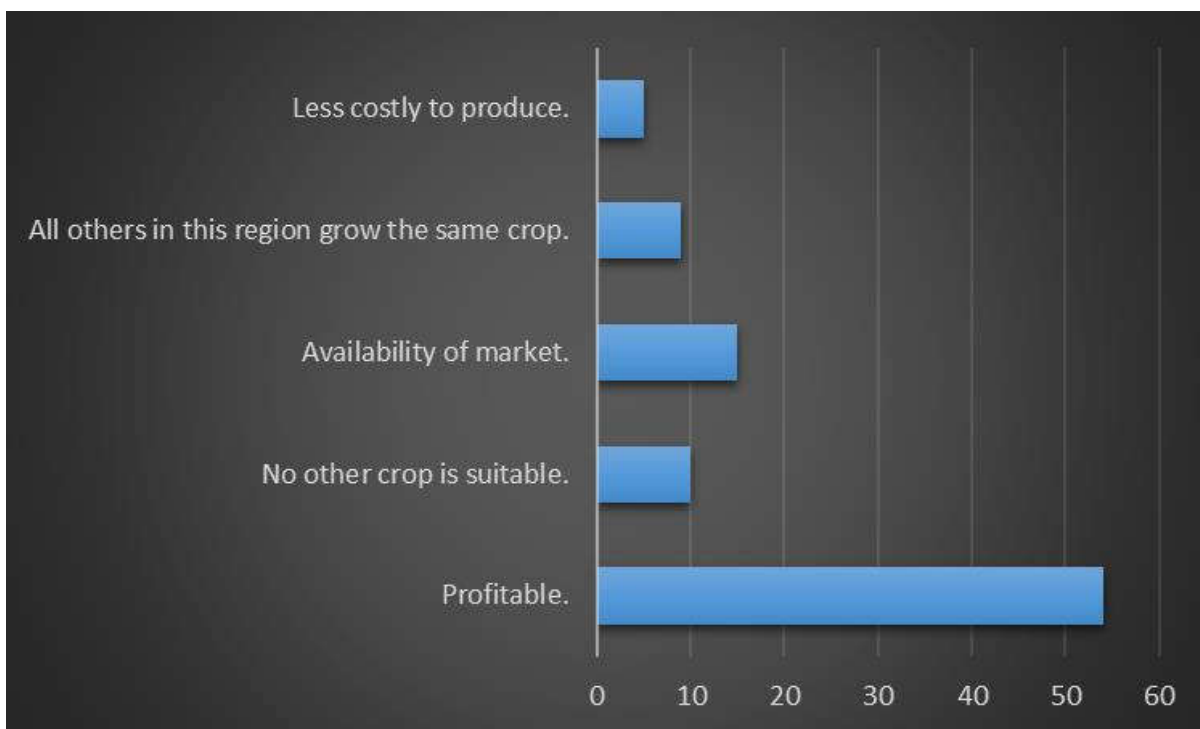
Loan taken for Rice Cultivation:



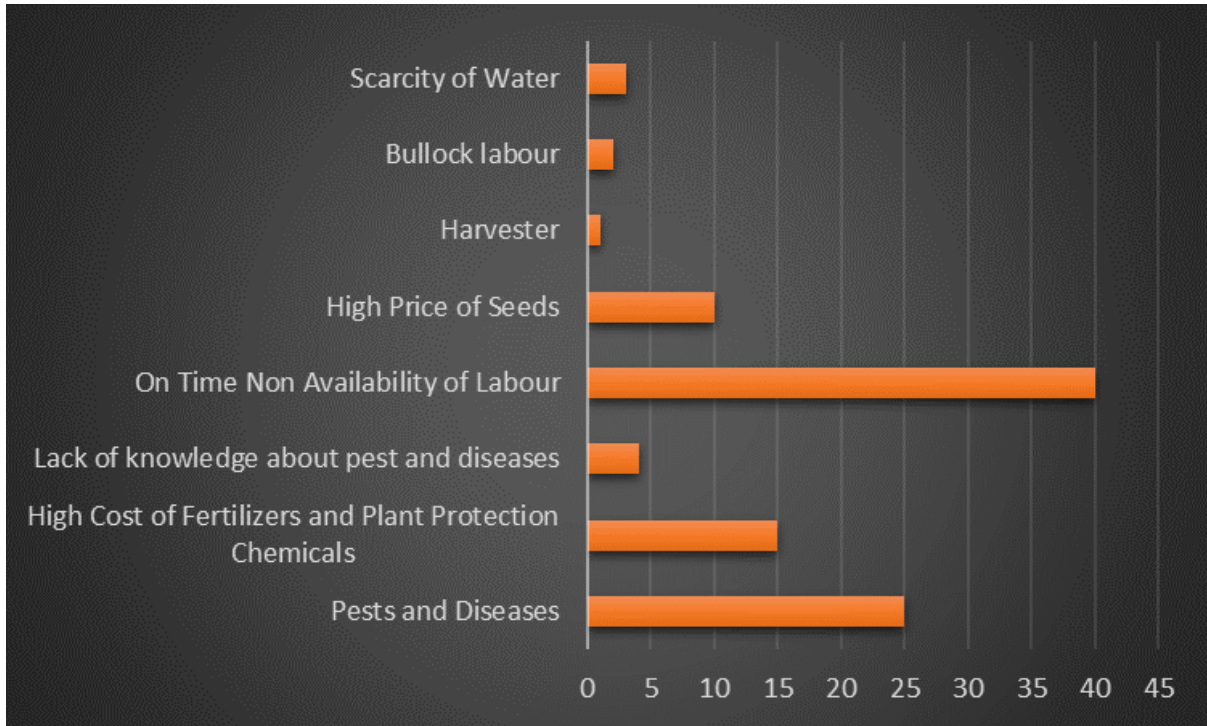
Source of Credit:



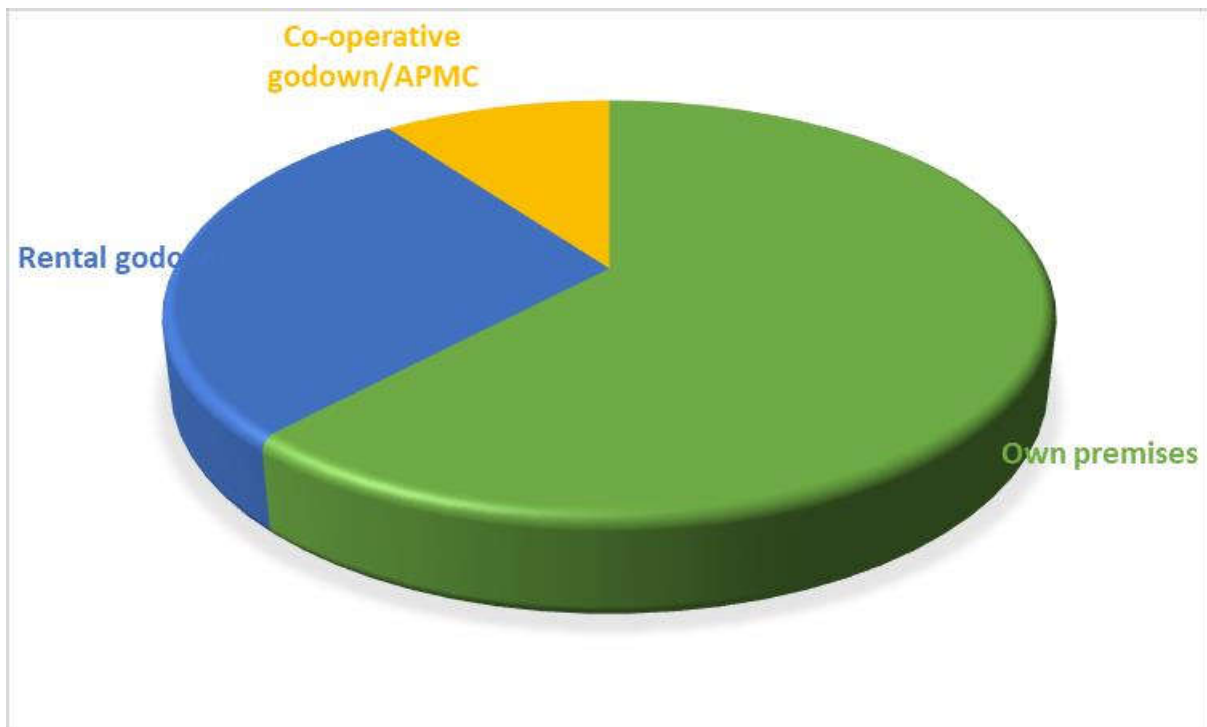
Reasons for growing Rice:



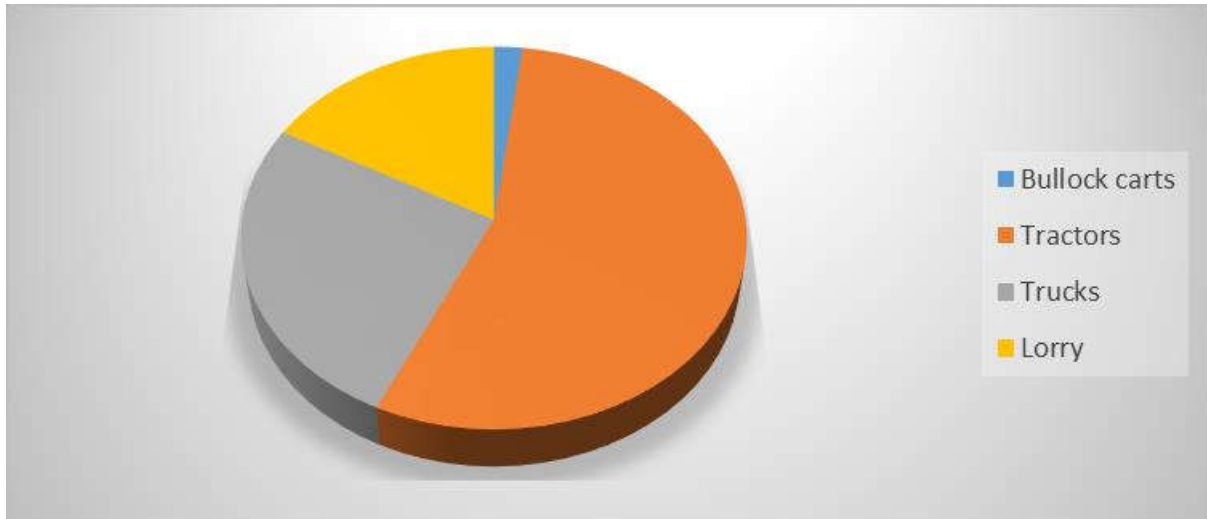
Problems faced during Rice Cultivation:



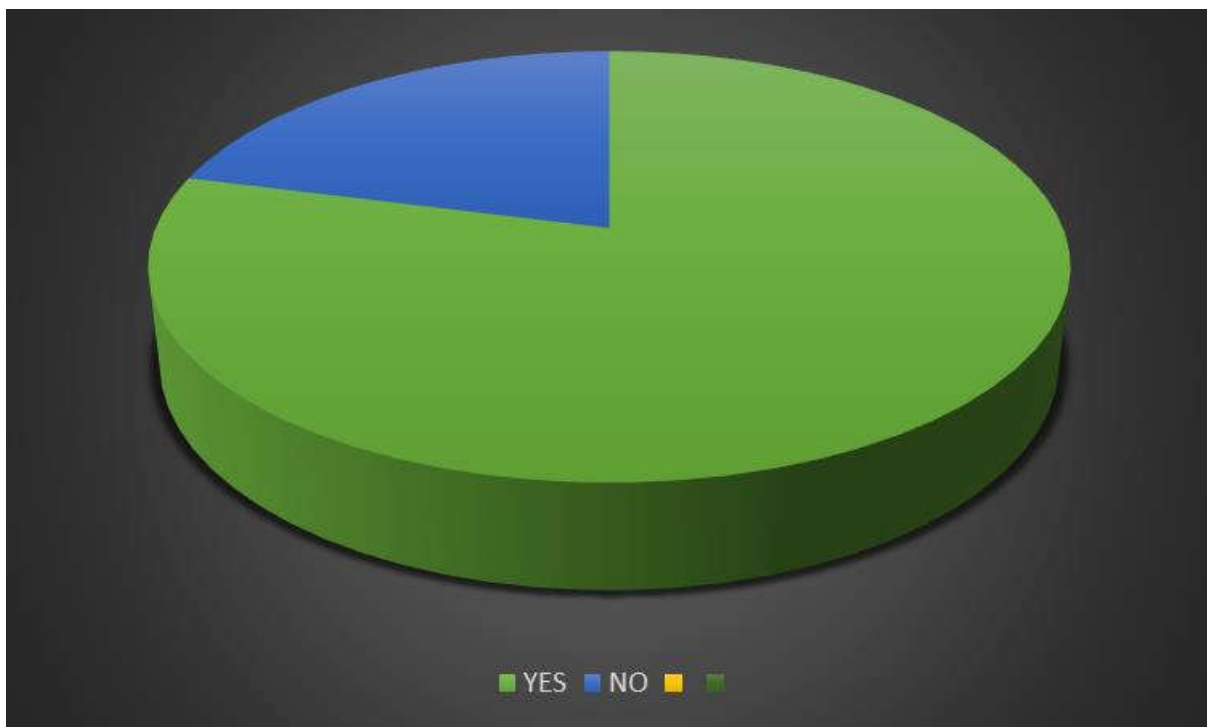
Stocking the cultivated Rice:



Means of Transportation:



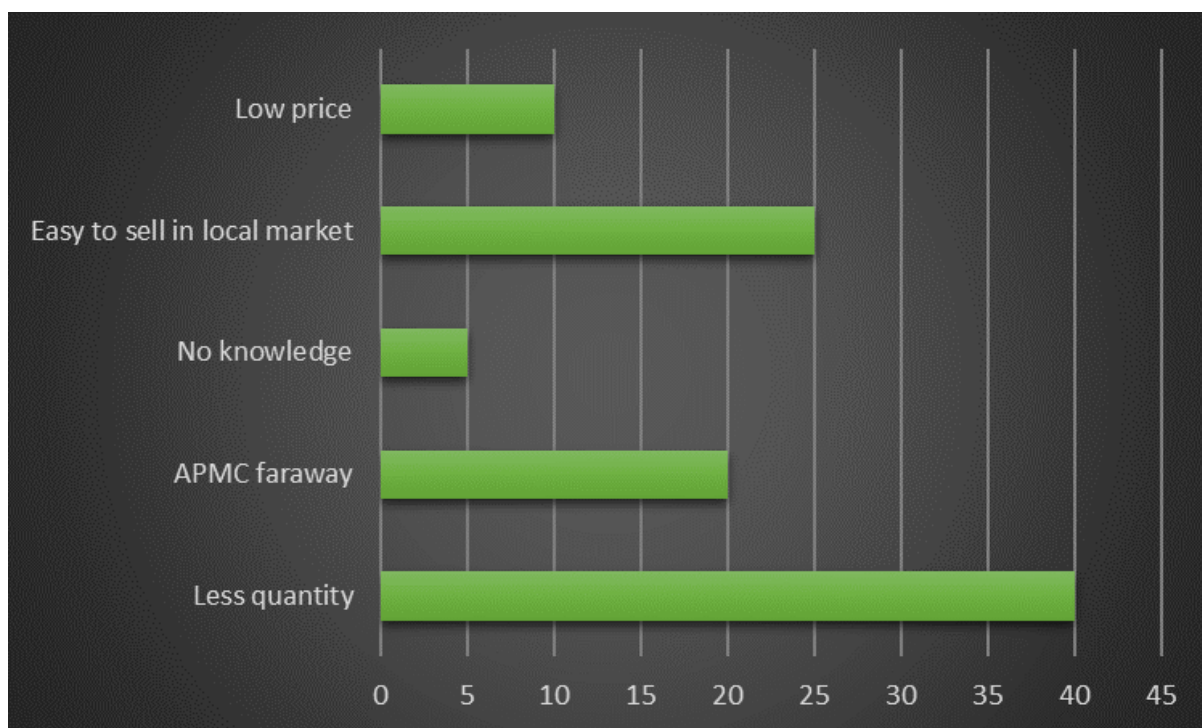
Selling Preference through APMC:



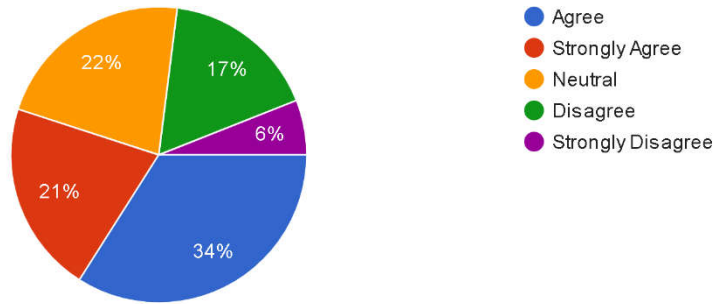
Reasons for Preference:



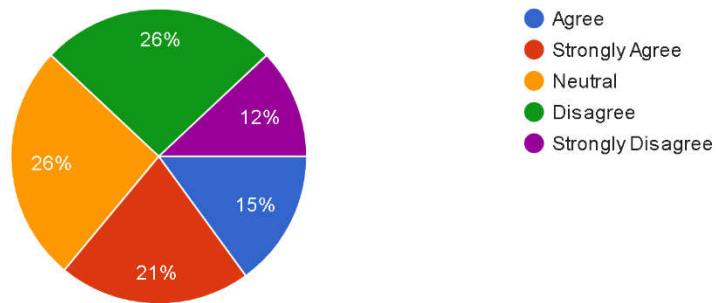
Reasons for not selling through APMC:



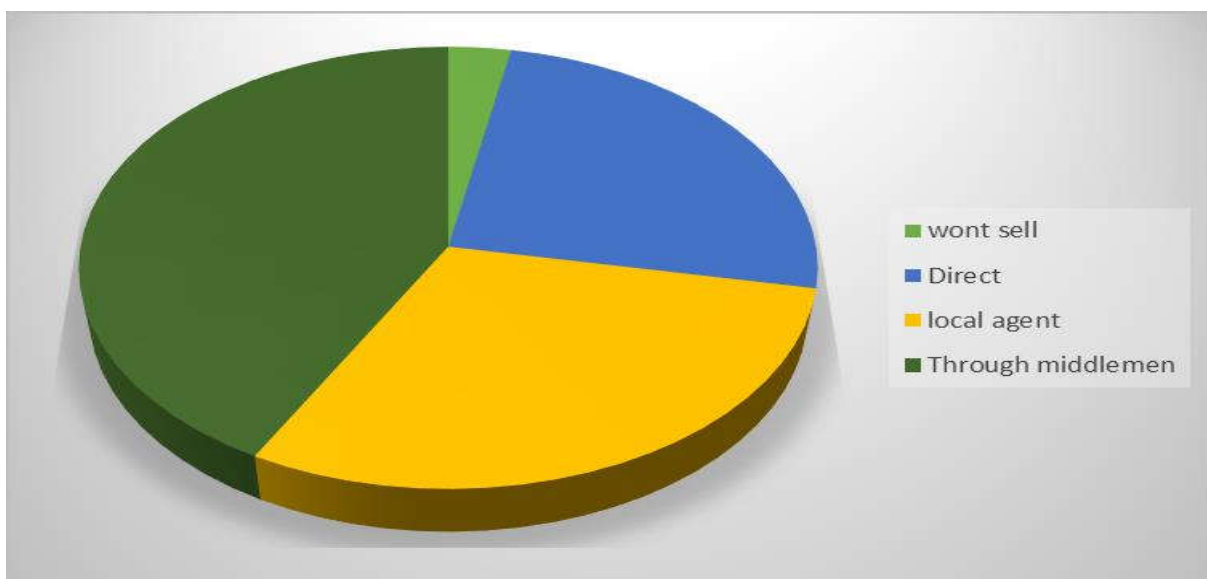
Sales through APMC beneficial:



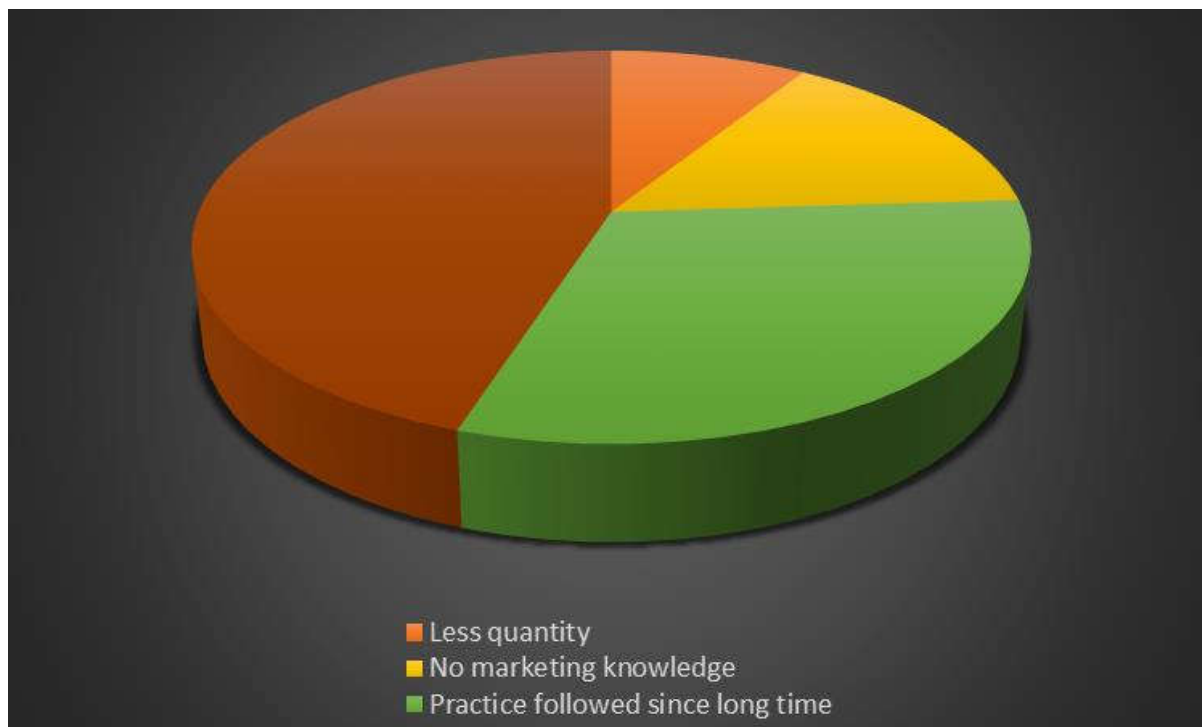
Sale through other markets is beneficial:



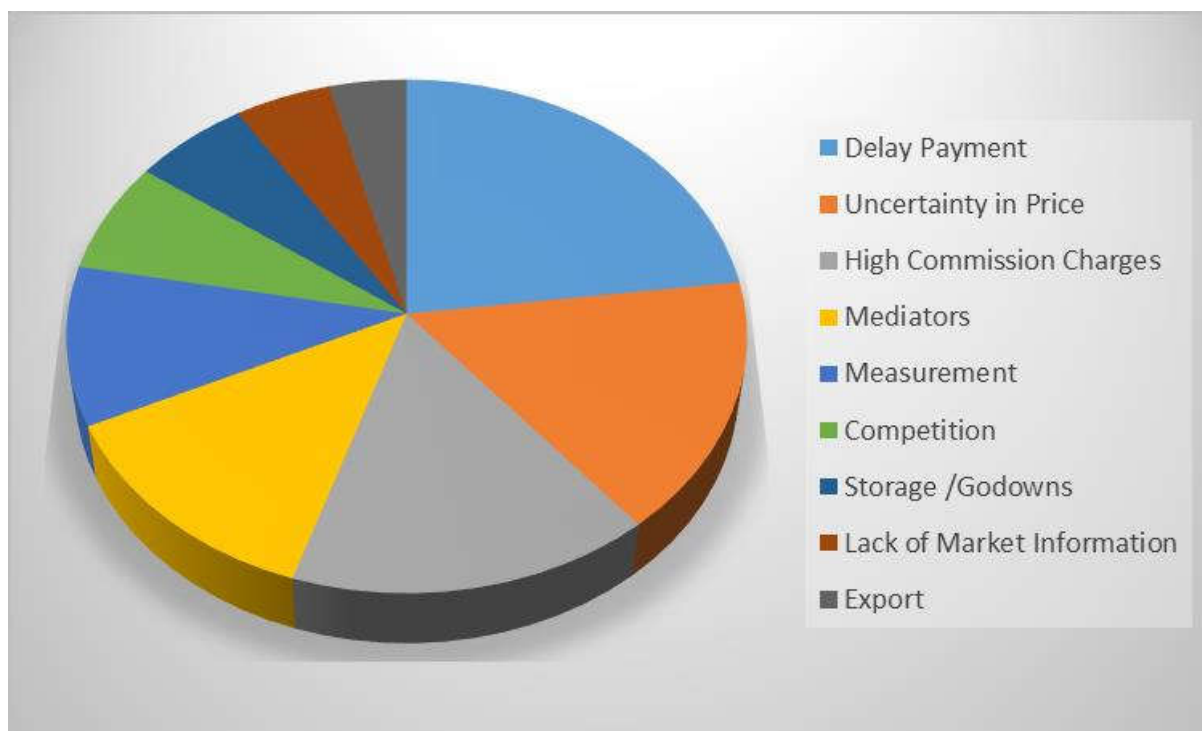
Quantity of selling through APMS/Other Markets:



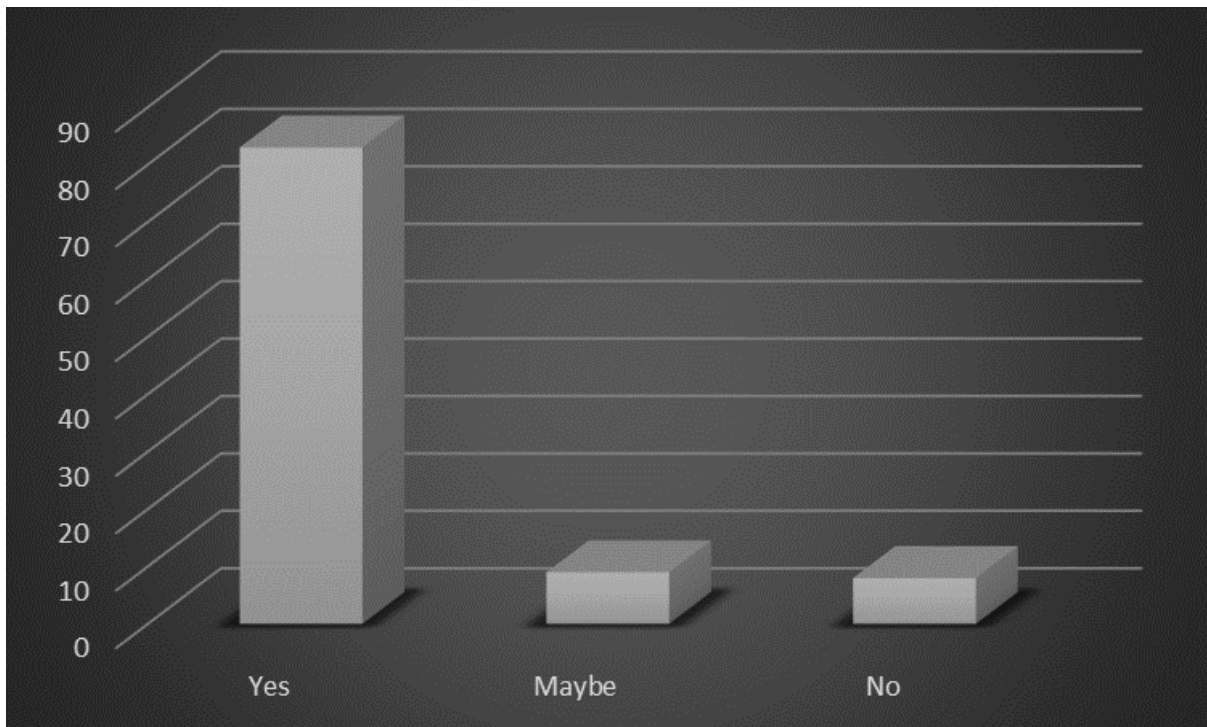
Reasons for selling through Agents/Middlemen:



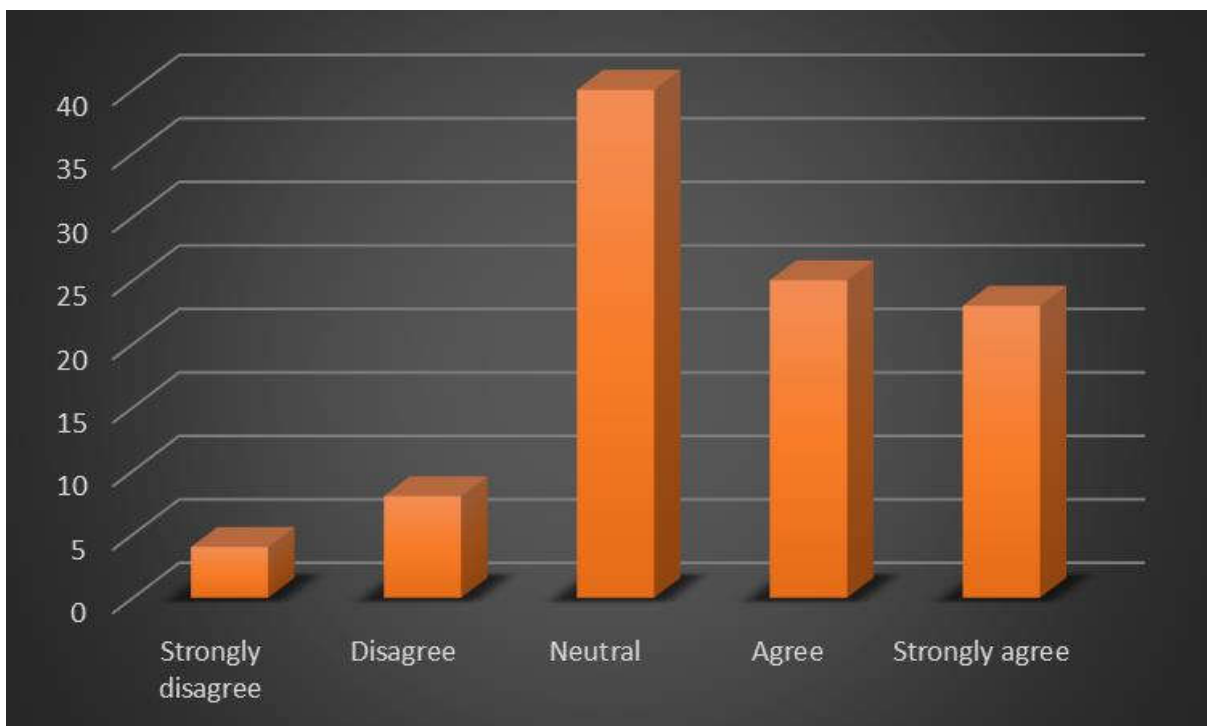
Marketing Challenges:



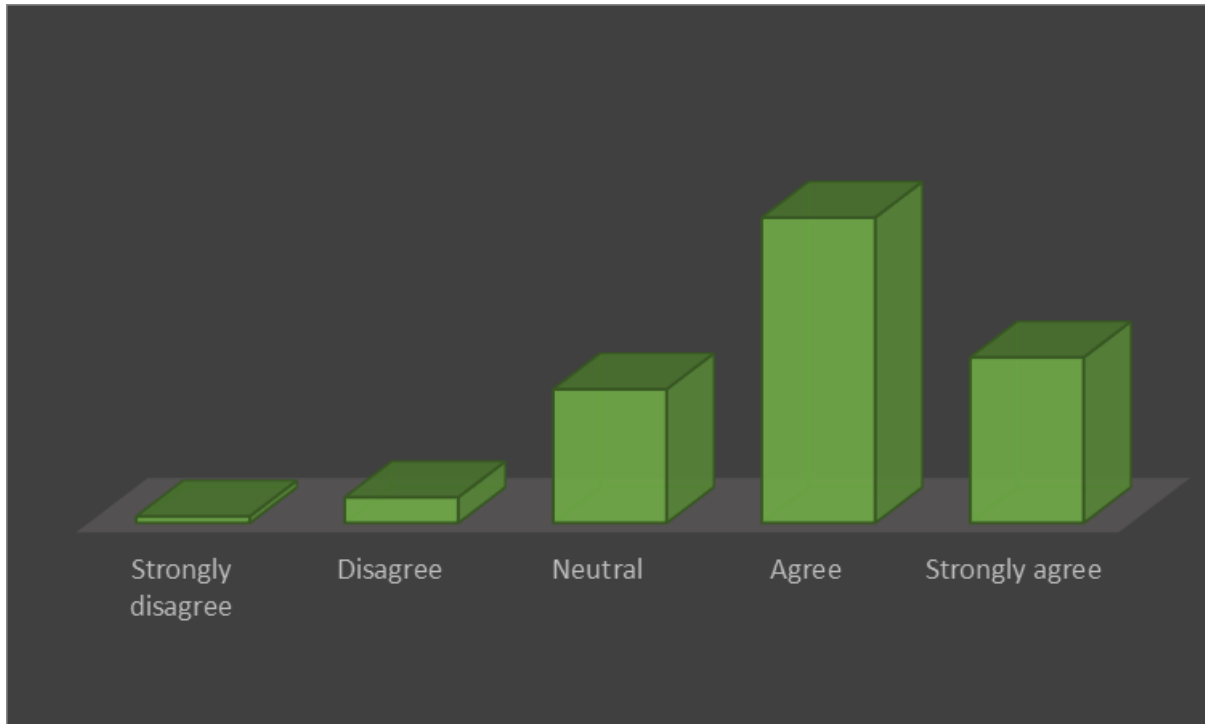
Listening through Agro-Information:



Selling Rice through E-Platforms:



Cultivation of Rice is Profitable:



1.6 FINDINGS OF THE STUDY

Out of 100 farmers, 79 per cent the farmers are male cultivators in the study area. It can be observed from the survey maximum 91 (91per cent) of the respondents are in the age group below 50 years. Maximum of 52 (52 per cent) respondents are living in nuclear families in the study region. Out of 100 farmers, 32 of (32 per cent) the farmers are small farmers whom up to 5 acres of land. Out of 100 farmers, 61 per cent the farmers are using up to 10 acres of land for cultivation of rice in the study area. It can be observed from the survey 88(88per cent) of the respondents are engaged in farming from 30 years. It can be observed from the survey cost for per acre will be below 30 thousand rupees. From the survey it found that most of the respondents will take credit from the financial intuition. Here most of the respondents approach money lenders and rural bank for the credit. From the survey it can be observed that cultivation of rice is profitable. It is found that from the survey most of the respondents facing problem of On Time Non-Availability of Labour. From the survey it can be observed that most of the respondents prefer APMC. Most of the respondents prefer to sell through middlemen because of their convenience. It is found that Small farmers gave some reasons to sell their Rice product in APMCs. The reasons are better price, availability of storage facilities and better credit facilities. It is found that 83 per cent of farmers are listing the Agri information through media.

1.7 CONCLUSION

Indian rice production largely depends on monsoon rain and only 59 per cent rice area has assured irrigation, due to the special importance placed on agriculture in the five-year plans and steady improvements in irrigation, technology, application of modern agricultural practices and provision of agricultural credit and subsidies since the green revolution in India. Therefore, the Indian states viz., Uttar Pradesh, Punjab, Haryana, Madhya Pradesh, Andhra Pradesh, Karnataka, Bihar, West Bengal, Gujarat and Maharashtra are key agricultural contributing states of India. Expansion of irrigation facilities and processing activity will help to increase production and exports of rice in India. Due to shift of labor from agriculture sector to industrial sector and construction sector agriculture sector is facing the labor problem. The total cost of cultivation, human labor cost is major cost item which reveals that the labor has high demand in the sample villages. It was found that due to non-availability of continues work at rural area, people go to migration in search of work outside of the villages. As a result, problem arises shortage agricultural labor in the peak agricultural season. The wage rate in non-agricultural sector is also higher than wages of agricultural sector. Low level of education is one of the major defects of the farmers and lack of proper mechanism to train the farmers regarding identify and control the pests and deceases. It leads to the problems of pests and deceases. Use of high-priced inputs like fertilizers, plant protection chemicals in more quantity many times higher than recommended doses is one of the major reasons for high cost of fertilizers and pesticides. On the marketing front lack of market information, uncertainty in price, moisture conditions, mediators and high commission charges are major problems faced by the sample farmers. Here also the low level of education of the farmers and lack of proper communication facilities at the rural areas are major reasons for problems of marketing of rice.

1.8 REFERENCES

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<http://www.bellary.com>
[www.Agmarknet.](http://www.Agmarknet)