

Marketing Behaviour of Agro-Input Retailers – A Critical Analysis

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ABSTRACT

The agri-input marketing in India is undergoing numerous changes interms of scale of operation, participation and diversification. The study was conducted with 200 agri input retailers of Madurai district. With the objective to assess the marketing behaviour of agro input retailers. The study revealed that ninety per cent of agro input centre purchased seeds for sale thrice per year where as fertilizer once in month. Ninety per cent of the retailer purchased weedicide thrice per year. Majority of them had sole ownership. Sixty per cent of them used distribution of notice / leaflet to villagers as a marketing strategy. High working capital requirement was found to be major factor followed by uncertain nature of agriculture due to seasonality which affected demand and supply of inputs. With respect to seed, 'varietal regulation procedure reported as most important factor for demand and supply of seeds.

Keywords: Agri-input, Yielding, Crops, Productivity, Fertilizers, Seeds.

INTRODUCTION

The agri-input market place (sale of seeds, fertilizers, crop protection etc.) sector seems to be one of the flavours of the month in agri-business in India. Numerous start-ups have tried, and continue to try, to address this sector. However, we would be remiss to say that this is a recent phenomenon. Raising the

productivity of the crops, vegetables, trees and livestock depends on the quality of farm inputs and services. Use of high yielding varieties' seed, chemical fertilizers and pesticides and higher farm mechanization can play a positive role in increasing agricultural productivity and in making India self-sufficient in food grain production.

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Low use of inputs by farmers, due to market constraints that reduce profitability of input use, is one of the factors responsible for the gap between potential and actual yields (Bationo et al., 2011).

India has more than 50 per cent of the population dependent on agri and allied activities. With worldwide green revolution and famine like situation in India in 1961, the production today has increased many fold even with declining agricultural land, this was with the use of fertilizers and crop protection products. Agri-input sector consists of fertilizers, crop protection products and seeds as well as farm mechanization. In this blog Understanding the 'Indian Agri-input Sector'.

Global seed markets are growing at 10 per cent and the major factor in increasing in the turnover is due to GM crops (Tonny, 2017) and increase in seed replacement rate (Venkatesh & Pal, 2014). Agro inputs are crucial for small farmers in terms of yield enhancement, cost cutting, and better quality production for better price realization (Singh, 2008). An efficient delivery system for quality agricultural inputs and services can play a pivotal role in the agricultural productivity. Highly productive farmers require the right inputs, at the right time, in the correct quantities and at affordable price.

The agri input markets in India is undergoing numerous changes interms of scale or operation, participation and diversification. During the last four decades, the share and role of state owned firms of agricultural input industries are declining while that of private firms are increasing (Pray & Nagarajan, 2014).

Farmers in India are not adopting modern agricultural inputs because the average quality of hybrid seeds and fertilizer is so poor that their adoption is not profitable at current prices. The rural customer is price sensitive and expects value for money. Therefore, the pricing has to be in accordance with their expectation. Input marketing companies have to develop strategies that can make their products of good quality but cheaper for rural customers (Senapati, 2014). If the product is from an expensive category, then the positioning of the product should be done in such a way that the product is perceived as a bundle of utilities, which will provides value for money (Kaur, 2013). With the above context, the per cent study was conducted with specific objective to assess the marketing behaviour of agro input retailers.

MATERIALS AND METHODS

The study was conducted with 200 input retailers of Madurai district of Tamil Nadu. Out of 477 input retailers in the district, 200 input retailers were selected by using proportionate random sampling (Table 1). Marketing behaviour of input retailers was assessed with various dimensions viz., raw material purchasing behaviour, marketing system of agri input retailers, number of customers proportion of various inputs sold in the shop (in monetary term) and factors affect demand and supply of agro inputs in the marketing, mode of delivery provided and mode of payment allowed for the consumers. Percentage and mean score were used to rank and interpret the data.

**Table 1: Marketing system of agri input retailers
n=200**

| Marketing details | Frequency No | Per cent |
|------------------------------------|--------------|----------|
| Marketing type | | |
| Retailers | 200* | 100 |
| Both retail and whole sales | 50 | 25 |
| Types or ownership | | |
| Sole | 185 | 92.5 |
| Partnership | 15 | 7.5 |
| Marketing strategy used | | |
| Email | 15* | 7.5 |
| Advertisement | 20* | 10 |
| Distribution of notice / leaf lets | 20* | 10 |
| Customers | 60* | 30 |

***Multiple response**

Cent per cent of the agricultural input agents doing retail marketing followed by 25 per cent performed whole sales. Majority of the retailers are sole types of ownership, whereas 7.5 per cent of them partnership mode of business. The reason might be due to majority of them take up family 15 traditional occupation as retailer.

With respect to marketing strategy, sixty per cent of them used 'distribution of notice' to villagers as a marketing strategy followed by customers make use of regular

and 10 per cent of them adopted advertisement as the marketing strategy. Only meager per cent of the input retailers used email mode as the marketing strategy. Due to the fact that majority of the customers not access to e-mode. Hence 60 per cent of them use distribution of notice as market strategy. These finding are contrast with the finding of Jugamaya gogoi and Rajalakshmi (2016).

Raw material purchasing behaviour of agro input retailers

Purchasing behaviour of agro input retailers are presented in Table 2.

Table 2: Distribution of respondents according to their raw material purchase
n=200

| Sl. No. | Agri inputs | Bi Monthly | | Seasonal 3 times / year | | Regular once in month | | Once in two month | | Once in a year | |
|---------|-------------|------------|-----|-------------------------|----|-----------------------|----|-------------------|-----|----------------|---|
| | | No. | % | No. | % | No. | % | No. | % | No. | % |
| 1. | Seeds | - | - | 180 | 90 | - | - | 20 | 10 | - | - |
| 2. | Fertilizers | - | - | 30 | 15 | 150 | 75 | 20 | 10 | - | - |
| 3. | Pesticides | 10 | 5 | 10 | 5 | 170 | 85 | 10 | 5 | - | - |
| 4. | Weedicides | 5 | 2.5 | 180 | 90 | 10 | 5 | 5 | 2.5 | - | - |
| 5. | Bio-inputs | - | - | 30 | 15 | 170 | 85 | - | - | - | - |

In could observed from Table 2 that ninety per cent of the agro input centre purchased seeds for sale thrice per year based on seasonal nature of crops where as 75 per cent of the input servicer reported that they purchased fertilizer once in month followed by thrice per year by 15 per cent of the respondents and once in two month by 20 per cent of the input retailers. This might be due to continuous of fertilizer viz., basal and top dressing and various stage of different crops in the study area.

Similar trend, noticed for pesticide suppliers. Eighty five per cent of the agri input retailers reported that they purchased pesticides once in a month followed by thrice per year by 5 per cent followed by 5 per cent

of them purchased pesticide bio monthly and once in two month.

Regarding purchase of weedicide, 90 per cent of the agro input retailers brought weedicide thrice per year followed by 5 per cent of them procure weedicide once in a month. 2.5 per cent of them procure weedicide each once in two month and bi monthly.

Majority of the agro input retailers (85 %) purchased bio inputs once in month followed by 15 per cent purchased bio inputs thrice per year for sales. Biological inputs include wide range of products viz, bio-fertilizer, bio pesticides which has keeping quality normally lesser than other type of fertilizers.

Table 3: Factors affect demand and supply of agro inputs in marketing

| Sl. No. | | No | Percentage |
|---------|--------------------------------------------------------------------|-----|------------|
| | Fertilizer and chemicals | | |
| 1. | High working capital requirements for importation | 140 | 70 |
| 2. | Uncertain nature of agriculture due to seasonality | 120 | 60 |
| 3. | Positive externalities | 40 | 20 |
| 4. | Imperfect information | 95 | 47.50 |
| 5. | Possibility and negative externalities | 60 | 30 |
| | Seeds and planting materials | | |
| | Variety regulation (registration, performance testing and release) | 145 | 72.50 |

From the Table 3 that, it was clear that demand and supply affected by high working capital requirements, expressed by 70 per cent of the input retailers uncertain of demand mainly due to seasonal nature of agriculture. Imperfect information, obtained by the farmers from various informal sources affected the demand and supply expressed by 47.5 per cent of the respondents.

Positive externalities lead to increase in demand reported by 20 per cent. The probable reason might be due to certain outbreak of pest, Government insist the mass of farmers to go for certain recommendation

compulsory to avoid spread of incidence. Which automatically increase the demand of input. Government intervention in the form of fertilizer subsidies leads to a marked increase in food production and food security. Similarly possibility of negative externalities also leads to decrease in demand reported by 30 per cent of the agro input retailers. Incorrect use could generate serious negative externalities in the form of threats of human health and environmental damage.

This findings are partial in conformity with the finding of Subash Surendran et al. (2020).

Table 4: Scale of operation by input retailers

n=200

| Category | Frequency | Per cent |
|----------|-----------|----------|
| Micro | 148 | 74 |
| Small | 52 | 26 |
| Medium | - | - |

From the table 4 it was clear that majority of the agro input retailers were micro enterprise. The reason being were all the block level and revenue village level agro input retailers were

performing their sales to farmers. Hence, micro level scale is sufficient to fetch good trade.

Table 5: Number of farmers as customers for the agri input retailers / month

| Sl. No. | Category | Frequency | Percentage |
|---------|---------------|-----------|------------|
| 1 | Less than 500 | 70 | 35 |
| 2. | 501-1000 | 130 | 65 |

It could be observed from the Table 5 that 65 per cent of the retailers had customers 501-1000 per month followed by less than 500

category by 35 per cent. None of them had more than thousands.

Table 6: Proportion of various inputs sold in the shop (year) (in monetary terms)

| Sl. No. | Category | Frequency | Percent |
|---------|--------------|-----------|---------|
| 1 | Fertilizer | 78 | 39 |
| 2. | Pesticide | 84 | 42 |
| 3. | Seeds | 37 | 18.5 |
| 4. | Other inputs | 1 | 0.5 |

The proportion of various inputs sold in the shop was assessed by asking the respondents to indicate in terms of per cent and input wise, the average mean per cent as given in the table 6.

It could be observed from table 6 that major portion (42 %) sold in the shop was pesticides followed by fertilizer (39%) and seeds (18%). Very meager per cent only, other miscellaneous inputs sold.

CONCLUSION

The study revealed that ninety per cent of agro input centre purchased seeds for sale thrice per year where as fertilizer once in month. Ninety per cent of the retailer purchased weedicide thrice per year. Majority of them had sole ownership. Sixty per cent of them used distribution of notice / leaflet to villagers as a marketing strategy. High working capital requirement was found to be major factor followed by uncertain nature of agriculture due to seasonality which affected demand and supply of inputs. With respect to seed, 'varietal regulation procedure reported as most important factor for demand and supply of seeds. There is a need to strengthen policies to build public – private partnership for research and development in case of for quality control in case of pesticides and for foreign joint ventures in case of fertilizers.

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