

## Agricultural Marketing

8.64 Efficient marketing with a dynamic supply chain is essential for the development of the agriculture sector. Agricultural production in the country end-March 2006 was serviced through 7,566 regulated agricultural markets. There were 21,780 rural primary/periodic agricultural markets, out of which about 15 per cent functioned under the ambit of regulation. There are already some examples of novel private sector initiatives to improve the marketing channels in agriculture (Box 8.2)

8.65 Ministry of Agriculture had formulated a model law on agricultural marketing in consultation with State/UT Governments to bring about marketing reforms in line with emerging trends. This model Act enables

establishment of private markets/yards, direct purchase centres, consumers/farmers markets for direct sale, and promotion of public-private-partnership (PPP) in the management and development of agricultural markets in the country. It also provides for exclusive markets for onions, fruits, vegetables and flowers. Regulation and promotion of contract farming arrangement has also been made a part of this legislation. A provision has also been made for constitution of State Agricultural Produce Standards Bureau for promotion of grading, standardization and quality certification of agricultural produce. So far 15 States and 5 Union Territories have amended their Agricultural Produce Marketing Committee (APMC) Act to derive the benefits of market reforms.

### Box 8.2 : Agricultural Marketing: Private initiatives by ITC

TE-choupal is a business platform consisting of a set of organizational subsystems and interfaces connecting farmers to global markets. This common structure can be leveraged to procure/provide a host of product and services for the farmer as a producer as well as a consumer. The e-choupal business platform consists of three layers each at different levels of geographic aggregation. Each of the three layers is characterized by three key elements: (a) the infrastructure (physical or organizational) through which transactions take place, (b) the entity (person or organization) orchestrating the transactions, and (c) the geographical coverage of the layer. The first layer consists of the village-level kiosks with internet access (or e-Choupal), managed by an ITC-trained local farmer (called a Sanchalak) and within walking distance (1-5 kilometres) of each target farmer. The relatively sparse population density in rural India justified the location of one e-Choupal per cluster of five villages. The second layer consists of a bricks-and-mortar infrastructure (called hubs) managed by the traditional intermediary who has local knowledge/skills (called a Samyojak) in his new role) and within tractorable distance (25-30 kilometers) of the target farmer.

ITC chose to operate the platform on the following three business principles:

- (a) Free Information and knowledge which ensures wider participation by the farmer,
- (b) freedom of choice in transactions (farmers, after accessing information at the e-Choupal, are free to transact their own way),
- (c) transaction-based income stream for the Sanchalak by tying his revenue stream to transaction (on a commission basis).