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Author(s): Nidhi Yadav

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AGRICULTURAL MARKETING AND E- GOVERNANCE : STRATEGIES TO MEET THE CHALLENGES IN THE 21st CENTURY

Nidhi Yadav

Agricultural marketing covers the services involved in moving an agricultural product from the farm to the consumer. Numerous interconnected activities are involved in doing this. Agricultural marketing is best carried out by the private sector rather than governments and all stages of the chain must show a profit for the participants¹. Marketing activities include market information development, marketing extension, training in marketing and infrastructure development. Recent trends have seen the rise of supermarkets and a growing interest in contract farming. This paper focuses on management of continuity and change forces for better implementation of e-Governance in the agriculture sector in India.

Strengthening agriculture is critical for facing the challenges of rural poverty, food insecurity, unemployment, and sustainability of natural resources. Agriculture is the science and practice of activities relating to production, processing, marketing, distribution, utilization, and trade of food, feed and fiber. This definition implies that agricultural development strategy must address not only farmers but also those in marketing, trade, processing, and agri-business. In this context, efficient marketing and rural credit systems assume added importance in addition to e- governance².

Marketing system is the critical link between farm production sector on the one hand and non-farm sector, industry, and urban economy on the other. Besides the physical and facilitating functions of transferring the goods from producers to consumers, the marketing system also performs the function of discovering the prices at different stages of marketing and transmitting the price signals in the marketing chain. The issues and concerns in marketing relate mainly to the performance (efficiency) of the marketing system, which depends on the structure and conduct of the market. An efficient marketing system helps in the optimization of resource use, output management, increase in farm incomes, widening of markets, growth of agro-based industry, addition to national income through value addition, and employment creation.

On the contrary, in the post-globalization era, application of Information and Communication Technology (ICT) is increasingly becoming an integral part of the corporate business strategy³. Drawing inspiration from the corporate sector, governments all over the world are trying to adopt ICT for improving the governance systems. The benefits of the phenomenon, popularly termed as e-Governance, are yet to be realized to the desired extent particularly in the case of developing countries (Heeks, 2003)⁴.

Agricultural marketing can best be defined as series of services involved in moving a product from the point of production to the point of consumption. It is a series of inter-connected activities involving: planning production, growing and harvesting, grading, packing, transport, storage, agro- and food processing, distribution and sale. Such activities cannot take place without the exchange of information and are often heavily dependent on the availability of

suitable finance. Marketing systems are dynamic, competitive and involve continuous change and improvement⁵. Marketing has to be customer oriented and has to provide the farmers, transporters, traders, processors, etc. with a profit. This requires those involved in marketing chains to understand buyer requirements, both in terms of product and business conditions.

'E-Governance' is a network of organizations to include government, non-profit, and private-sector entities; in e-governance there are no distinct boundaries. E-Governance is a process of reform in the way Governments work, share information, engage citizens and deliver services to external and internal clients for the benefit of both government and the clients that they serve⁶.

Governments all over are trying to implement e-Governance for strengthening interfaces with citizens. The complexities involved in the implementation of e-Governance projects and low success rates of such projects suggest that e-Governance is more of a managerial issue than the technological one.

Though Indian initiatives like the Information Technology Act - 2000, the Right to Information Act – 2005 and the setting up of the Administrative Reforms Commission in 2005 are steps in the right direction, there are several challenges that need to be overcome before the full potential of e-Governance can be realized. On the other hand, re-engineering of government processes and their integration across the departments is a pre-requisite for effective and efficient e-Governance. There are several issues related to technology and management which need meticulous handling while implementing e-Governance. For example, while mega projects like State Wide Area Networks (SWANs), Common Service Centres (CSS), National Portal etc. under the National e-Governance Plan (NeGP) are already under implementation, issues like standardization, interoperability among legacy systems, re-engineering of government processes, good governance are still wide open. Considering government as a large enterprise, the complexities involved seem to suggest that implementation of e-Governance demands simultaneous handling of maintaining business continuity and bringing about changes in government functioning⁷.

E-Governance in Agriculture

Strategies for confluence of continuity and change could be generated by understanding the balance of continuity and change forces. The concern of simultaneous management of continuity and change is maximum under the enterprises falling in this category. Indian agriculture sector is influenced by the high continuity forces as well as high change forces. The e-Governance strategy for the agriculture sector is, therefore, supposed to exhibit strategic flexibility to integrate the opposing forces operating simultaneously. A flowing stream is continuously changing its course, at times radically, while maintaining its continuity at the same time. The challenge is to find a right balance and synthesis of opposing forces so as to divert their inertia

of continuity to new frontiers without losing the benefits of continuity⁸.

The framework of flowing stream strategy envisages four key strategic channels: divert, shift, partition and integrate. These are ordered in terms of strategic flexibility and complexity of strategy implementation. An organization can use these strategic channels with growing strategic maturity in the flow; at the highest level of maturity, the organization might implement all the four channels. The most widely used strategic channel is divert followed by shift and then partition; the channel integrate is used rarely and needs richer strategic insight.

The continuity forces operating in the agriculture sector are identified as agrarian base, resource poor farmers, federal constitution, culture, institutional framework, centralized planning and investment in technology. The change forces are identified as growing emphasis on decentralized planning, liberalization, globalization, agricultural reforms and ICT induced opportunities. Principles of flowing stream strategy have been used to illustrate how the momentum of continuity in agriculture sector can be steered using levers of change forces for the benefit of farming community while implementing e-Governance.

Agricultural marketing needs to be conducted within a supportive policy, legal, institutional, macro-economic, infrastructural and bureaucratic environment. Traders and others cannot make investments in a climate of arbitrary government policy changes, such as those that restrict imports and exports or internal produce movement⁹. Those in business cannot function if their trading activities are hampered by excessive bureaucracy and form filling. Inappropriate law can distort and reduce the efficiency of the market, increase the costs of doing business and retard the development of a competitive private sector. Poor support institutions, such as agricultural extension services, municipalities that operate markets inefficiently and export promotion bodies, can be particularly damaging. Poor roads increase the cost of doing business, reduce payments to farmers and increase prices to consumers. Finally, the ever-present problem of corruption can seriously impact on agricultural marketing efficiency in many countries.

ICT has brought about revolutionary changes in the conduct of business in several organizations. In the corporate sector particularly, the creativity with which a company leverages ICT holds tremendous potential for reconfiguring its value chain and affecting its competitiveness. Recognizing the integrative and service delivery potential of the ICT, the Government of India is implementing a National e-Governance Plan through its Department of Information Technology. The strategic objective of NeGP is to enable the government services to reach the common man. NeGP aims to achieve this through two of its Mission Mode Projects: establishment of the State Wide Area Networks (SWANs) and setting up of one lakh internet enabled Common Service Centres (CSCs) at strategic locations throughout the country. The necessary content backbone, for creating digital opportunities at grassroots, is being built under ambitious AGRISNET and AGMARKNET mission mode projects by the Ministry of

Agriculture¹⁰. These initiatives, together with reforms in agricultural marketing which include amendment of APMC Act to permit e-marketing, promotion of direct marketing, National Warehousing Receipt System, Grading and standardization facilities at the grassroots level, setting up of rural godowns and strengthening of marketing infrastructure are paving the way for the ICT enabled direct marketing of agricultural produce.

AGMARKNET: An E-Governance Portal

The Directorate of Marketing and Inspection (DMI), part of the Ministry of Agriculture and the Government of India, sanctioned the Agricultural Marketing Information Network (AGMARKNET) project to be implemented by National Informatics Centre (NIC). Launched in March 2000, it aims to link all important agricultural produce markets spread across the subcontinent with the State Agricultural Marketing Boards and Directorates for effective information exchange. A step towards globalisation of Indian agriculture, the NIC-based, e-governance portal AGMARKNET facilitates generation and transmission of prices, commodity arrival information from agricultural produce markets, and Web-based dissemination to producers, consumers, traders, and policy makers transparently and quickly.

AGMARKNET aims at improving the decision-making capability of the farmers and strengthening their bargaining power. India has an expanding population of one billion to feed and over 70 percent of its national workforce is directly or indirectly dependent on agriculture. The agricultural sector has been successful over the past four decades, in keeping pace with the rising demand for food. Agricultural marketing is an area for the "second generation" of green revolution problems. Indian marketing is undergoing a significant metamorphosis because of economic liberalization and globalization. Infrastructure development is the critical factor for determining the success of a market-oriented strategy and macroeconomic policies in developing countries¹¹.

Market information is an important aspect of agricultural marketing. The importance of sound agricultural marketing policies for ensuring fair returns to the farmers cannot be overemphasized. Therefore, it has become necessary on the part of the regulatory agencies to ensure remunerative prices to farmers for the sale of their produce, to boost up their efforts for increasing and sustaining the agricultural production. Almost all states and union territories are providing market information in one form or the other for the benefits of market users like producers, traders, and consumers. However, the information is collected and disseminated by use of conventional methods causing inordinate delay in communicating to different groups and this, in turn, adversely affects their economic interest. Therefore, the existence and dissemination of complete and accurate marketing information is the key to achieve both operational and pricing efficiency in the marketing system. Investment in networking about 7,000 wholesale agricultural markets in the country will facilitate globalization of Indian agriculture. To fully utilize the new emerging trade opportunities for the benefit of farming community, the

Department of Agriculture and Cooperation, in the Ministry of Agriculture sanctioned an Information, Communication and Technology (ICT) based central sector scheme, Agricultural Marketing Information Network (AGMARKNET).

Commenting on the need for an online market place, Sharad Joshi, Former Chairman, High Level Task Force on Agriculture (2000), Government of India said, "It is advantageous to have a network down to the mandi level to begin with. This can be progressively extended to villages and household level in due course of time¹²." The project is being executed with the technical support of National Informatics Centre (NIC). The scheme has made rapid strides. To begin with, 810 nodes (735 agricultural markets and 75 state marketing boards/directorate of marketing and inspection [DMI] offices) were linked through NIC's attached office to DMI during 2000–2002. During the tenth five-year plan (2002–2007), 2,000 additional markets are being networked. As a part of the expansion plan, 537 more markets were networked during 2003–2004. To strengthen interface with farmers and other beneficiaries, AGMARKNET portal has been evolved. Over 600 markets regularly report price-related data being disseminated through the portal. The portal also serves as a single window for accessing Web sites of various organizations. It also provides weekly trend analysis, linkage to online commodity exchange of India, Food and Agriculture Organization (FAO), Indian Farmers Fertilizer Cooperative Limited (IFFCO) Web site, and so forth.

The development of the AGMARKNET portal and the state-level portal, and undertaking market-led extension activities are important components of this scheme. AGMARKNET ensures dissemination of data through the network to any distance for the benefit of citizens, farmers, traders, and consumers. The improved communication system will enable producers to learn about probable markets in which their produce can be disposed more profitably. Also the modernization of the market information system will lead to efficiency in markets and increased participation of the farmers. Various DMI offices spread across the country prepare the state-level trend analysis monthly bulletins using the central database.

Recent developments

New marketing linkages between agribusiness, large retailers and farmers are gradually being developed, e.g. through contract farming, group marketing and other forms of collective action. Donors and NGOs are paying increasing attention to ways of promoting direct linkages between farmers and buyers. The growth of supermarkets, particularly in Latin America and East and South East Asia, is having a significant impact on marketing channels for horticultural, dairy and livestock products. Nevertheless, "spot" markets will continue to be important for many years, necessitating attention to infrastructure improvement such as for retail and wholesale markets.

Attempts to strengthen Indian agriculture must address not only farm production (farmers)

but also processing, marketing, trade, and distribution. We must link farmers to markets. In this endeavor, marketing and rural credit systems are extremely important. Indian agricultural marketing and rural credit systems have undergone several changes during the last decade. However, in the emerging environment, these need many more changes for making the agricultural sector vibrant and responsive to the aspirations of the rural masses. The suggested agenda for reforms includes (i) revision in the state APMR legislation, (ii) redefining the role of state marketing boards and market committees, (iii) repeal of ECA except under emergencies, (iv) putting in place a unified food law, (v) introduction of new instruments like contract farming and warehouse receipt system, and (vi) assurance to investors that regulations will not be reimposed. The policy of price support needs to be rationalized and decentralized.

Conclusion

To sum, it can be said in the context of use of e-governance tools in the field of agricultural marketing that different enterprises experience different levels of continuity and change forces. Strategies for confluence of continuity and change could be generated by understanding the balance of continuity and change forces. The National Agriculture Policy as well as the National e-Governance Plan have laid emphasis on use of ICT for rapid growth of agriculture and generating value at the grassroots. Considering government as a large enterprise, it is observed that there are high continuity and change forces operating in the agriculture sector.

The e-Governance strategy for the agriculture sector should, therefore, be capable of exhibiting strategic flexibility to simultaneously integrate the opposing forces. It is required to leverage the momentum generated by continuity forces and opportunities created by change forces to meet the challenge of implementing effective and efficient e-Governance in the agriculture sector.

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