

## A STUDY ON RURAL MARKETING INFRASTRUCTURE FOR FRUITS IN MADURAI DISTRICT

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### **Abstract**

*Agriculture plays a vital role in India's economy. Over 58 per cent of the rural households depend on agriculture as their principal means of livelihood. Agriculture, along with fisheries and forestry, is one of the largest contributors to the Gross Domestic Product (GDP). India is the second largest country to produce Fruits after China. Marketing of these produce without any delay at the right quality and quantity is one of the toughest challenges to met by the businessmen engaged in all levels of this process. This paper is an attempt to study the marketing infrastructure of fruits in Madurai, analyse the problems in its environment and suggest strategies to improve the infrastructural environment.*

### **Keywords**

*Marketing Infrastructure, Fruits and Vegetables, Food processing industry, Challenges in the food processing sector, Strategies.*

### **Introduction**

Agriculture plays a vital role in India's economy. As per estimates by the Central Statistics Office (CSO), the share of agriculture and allied sectors (including agriculture, livestock, forestry and fishery) was 15.35 per cent of the Gross Value Added (GVA) during 2015-16 at 2011-12 prices. India is the largest producer, consumer and exporter of spices and spice products. India's fruit production has grown faster than vegetables, making it the second largest fruit producer in the world. India's horticulture output, comprising fruits, vegetables and spices, is estimated to be 283.4 million tonnes (MT) in 2015-16 after the third advanced estimate. It ranks third in farm and agriculture outputs. Agricultural export constitutes 10 per cent of the country's exports and is the fourth-largest exported principal commodity. During 2014-15, exports of agricultural and processed food products totalled US\$ 21.5 billion. Export of cereals and animal products accounted for 69.7 per cent of the exports in 2014-15, followed by processed fruits and vegetables (24.0 per cent), fresh fruits and vegetables (5.7 per cent) and floriculture products (0.67 per cent).

Indian agricultural/horticultural and processed foods are exported to more than 100 countries/regions; chief among them are the Middle East, Southeast Asia, SAARC countries, the EU and the US. (Source: <http://www.ibef.org/industry/agriculture-india.aspx> (Indian Brand Equity Foundation))

The area under fruit crops cultivation during 2013-14 was 6.3 million hectares, which is about 27 per cent of total area under horticulture cultivation in India. The area under fruit crops cultivation has increased from 5 million hectares in 2004-05 to 6.24 million hectares in 2014- 15, with a corresponding increase in production from 50.9 to 86.2 million tonnes. A large variety of fruits, such as banana, mango, citrus, papaya, guava, grape, sapota, pomegranate, pineapple, aonla, litchi, pear, plum and walnut are grown in India(Report on State of Indian Agriculture, Ministry of Agriculture and Farmer's Welfare, Government of India,2015-16)

### **Review of Literature**

Fruits and vegetables processing is dominated by unorganized players, who occupy a share of 70% in the total market size. Over the last few years, the industry has witnessed rapid growth of Ready to Eat foods, frozen vegetables, processed mushroom etc. The major challenge with this sector is unavailability of infrastructure facility to store produce. The cultural preference for fresh fruits and vegetables dominates over processed items.(Mohammed Rais, 2013)

**According to the report, global demand for fruit and vegetable processing was valued at USD 203.3 billion in 2014, is expected to reach USD 319.9 billion in 2020 and is anticipated to grow at a CAGR of 7.9% between 2016 and 2020.**The study includes drivers and restraints for the fruit & vegetable processing market along with the impact they have on the demand over the forecast period. Additionally, the report includes the study of opportunities available in the fruit & vegetable processing market on a global level.(Global Fruit and vegetable market research report, 2014)

Food Processing Industry benefits both the farmers as well as processors. This industry thus has a great potential in our country, although presently the size of the Indian food industry is very small.2 Table 1 Processing Levels in Indian Food Products Segment Processing level in India Fruits and Vegetables 2.2% Fisheries 26% Poultry 6% Buffalo Meat 20% Milk 35% Source: Ministry of Food Processing Industry, Govt. of India There is a significant potential for the organized processing players in fruits and vegetables sector, as the existing level of processing is very low (as shown in Table 1), and there exists a vast supply base, along with a considerable international demand for certain fresh as well as processed fruits and vegetables.(Pradip Kumar Biswas, Performance of Indian Food Products Industry, CSIR - National Institute of Science Technology and Development studies,2015)

### **Marketing Infrastructure**

The rural market has changed drastically in the past one decade. A decade ago, the rural market was more unstructured and was not a prioritized target location for corporates. Very few companies, mainly the agro-based ones, were concentrating in these markets. There are no innovative strategies and promotional campaigns. A distribution system did exist, but was feeble. Illiteracy and lack of technology were the other factors

leading to the poor reach of products and lower level of awareness amongst villagers. Gradually, corporate realized that there was saturation, stiff competition and clutter in the urban market, and a demand was building up in rural areas. Seeing the vast potential of 75 per cent Indians living in rural areas, they started focusing on these unexplored, high-potential areas. (Farooqi, M. R, 2016)

India's rural market could have been stronger than the present position, if Indian policymakers have made adequate infrastructure for rural India. Unless the proper infrastructure developed in rural market with sufficient power, water, communication etc at a nominal cost, this demand may not be sustainable for long. The corporate people should think beyond their products and initiate innovative corporate efforts to replace government intervention for providing basic facilities. Marketer must have willingness to invest in rural market with equal importance as they give urban market. Short-term promotional efforts may not deliver the desired results in the rural market. (Lavanya V, 2016).

This industry is not a very attractive industry money-wise. After paying for manpower, rent and electricity, the businessmen few percent as net profit. The reason being the commodity is highly perishable. Either you sell the produce or you smell it. More importantly the shelf life of the produce is twenty fours hardly. Thus everything in this industry pushes people to lose.

As per the survey Food processing Bottlenecks, Federation of Indian Chambers of Commerce and Industry(FICCI) in 2010, the top five challenges identified were.,

Top Five Challenges Identified	Weighted %age of respondents
Inadequate infrastructural facilities	44.25
Comprehensive national level policy on food processing sector	34.46
Food safety Laws	28.51
Inconsistency in central and state policies	28.08
Availability of trained manpower	25.53

**Source:** FICCI survey on challenges in Food processing sector, 2010

#### **Statement of the problem**

The processed and fresh fruits market of our country has huge potential of growth. Marketing infrastructure decisions are the strategic decisions taken by the Business firms today. And for the perishable commodities like fruits and vegetables, most effective infrastructure facilities are to be designed so that the TAT (Turnaround Time) between harvest and consumption gets reduced. These components of marketing infrastructure hold revenue recognition for all participants in this business. In order to design robust and effective Rural Marketing Infrastructure portfolio, at the first outset the problems and

challenges are to be identified and strategies are to be formulated to overcome these pitfalls.

Madurai district is second largest in population of the 32 districts of the state of Tamil Nadu, in southeastern India. According to 2011 census, Madurai district had a population of 3,038,252 up from 2,578,201 in the 2001 census, for a growth rate of 17.95%.

Madurai and surrounding regions have enormous potential to provide steady cargo flow to airliners. A vegetable vendor from Madurai loads six to seven tonnes of vegetables to the Gulf from Calicut, Cochin and Coimbatore airports.

This study attempts to study the market environment for Fruits in Madurai district and study the problems in marketing infrastructure and other supply chain problems and formulate strategies to overcome the same.

#### Limitations of the study

- The respondents were limited to only retailers i.e., Vegetable vendors, Grocery shops and Super markets
- The study was conducted in and around the Madurai district only.

#### Objectives of the study

1. To identify the problems in marketing and distributing both fresh and processed fruits in Madurai district.
2. To formulate strategies in order to improve sales and efficiency in conducting business

#### Research Methodology

The main objective of this research is to identify the problems in marketing and distributing both fresh and processed fruits in Madurai district and to formulate strategies in order to improve sales and efficiency in conducting business. The nature of the research is exploratory method, and the samples has been collected from 475 respondents from the retailers group and data collection method used in this research “Questionnaire Method”. Data has been analyzed by using SPSS 16.0. Findings, suggestions and conclusions has been made by keeping an eye on the research objectives.

#### Analysis and Interpretations

Demographic Profile		Frequency
Age	Less than 21	24
	21-30	161
	31-40	155
	41-50	85
	Above 50	50

<b>Marital status</b>	Single	155
	Married	320
<b>Type of Retail outlet</b>	Vegetable vendor	275
	Grocery stores	97
	Super Market	103
<b>Experience in Fishing</b>	Less than 5 Years	50
	6 - 10 Years	120
	11- 15 Years	125
	16 - 20Years	30
	Above 20 Years	150

	<b>Standard_Infrastructure</b>					<b>Total</b>
	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly disagree</b>	
Super Market	96	3	2	3	1	105
Grocery	36	40	12	6	3	97
Veg Vendor	4	20	17	170	62	273
<b>Total</b>	<b>136</b>	<b>63</b>	<b>31</b>	<b>179</b>	<b>66</b>	<b>475</b>

	<b>Mobile_Infrastructure</b>					<b>Total</b>
	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly disagree</b>	
Super Mkt	103	0	0	0	0	103
Grocery	42	43	12	0	0	97
Veg. Vendor	0	0	19	181	75	275
<b>Total</b>	<b>145</b>	<b>43</b>	<b>31</b>	<b>181</b>	<b>75</b>	<b>475</b>

### Findings

1. Under this study, it is observed that the retailers belonging to Super Market category and Grocery shop play a vital role in Vegetable marketing. The functional infrastructure facilities such as cold storage, warehousing facility, processing infrastructure are available at the affordable cost and acceptable utility with the Super market owners.
2. Retailers having more than 15 years of experience in the fruit marketing have very well established waste management system, trained manpower, and they are well aware about the current trends such as e-trading and direct marketing.
3. Retailers belonging to urban areas have awareness about the standard infrastructure facilities and they have channel clarity.
4. The mobile infrastructure ie., transportation facilities from the manufacturer to wholesaler and the wholesaler to the retailer, has been rated as highly efficient and they are promptly available by the well experienced retailers.

5. The functional infrastructure facilities are rated as low by retailers but some of them have opined that these facilities are available for the wholesalers rather than the retailers.
6. The channel of movement for fruits in this district is from farmers to aggregators, transport agency, wholesalers with warehouses, retail outlets and finally to the end customers.
7. Most of the Vegetable vendors and part of the grocery shop have agreed that existing chain is unreliable.

#### **Suggestions and Recommendations**

1. Common facilities such as loading and unloading facilities, drying, cleaning, washing, ripening, packing should be developed in an organized manner.
2. The supportive functions such as waste management, parking facilities, sufficient market space for loading and unloading commodities should also be provided in a regular manner.
3. Provision and awareness of functional infrastructure for assembling, grading, weighing, quality certification, waxing, standardizing, and other value addition should be provided.
4. Education of and Infrastructure for direct marketing, E-trading, E- Buying, mobile delivery of commodities should be provided.
5. As per Porter's arguments, the value chain should be the source of Competitive advantage and at the same time must add value to the customers.
6. Waste management is very crucial. The commodities dealt with are highly bio degradable, so waste can be transported and used as manure.
7. Reliable farmers should be located. The wholesalers, retailers should have direct tie up with the farmers. Their produce is to be tested in labs to ensure it meets WHO-prescribed safety standards and then marketed to the customers, so that the quality and the reliability of the produce are not compromised.
8. Transparency is to be introduced in the market. So that the black marketing, hoarding are not carried out and prices of the product is regulated.
9. Since Madurai is connected with air, International cargo lifting can be facilitated so as to increase the business volume, quality and proceeds.
10. Plant quarantine for agricultural products can also be facilitated in Madurai itself so that, food safety and security standards are ensured. Packing and allied activities should also be organized so as to support this industry and simultaneously it grows by itself.

### Conclusion

The efficiency of the marketing infrastructure lies in the verity that when a product is launched in the market and publicized, all the sales counters and retail outlets need to have access to the product so that the customers can access it. At the same time the marketing infrastructure facilities should be available at the affordable cost and acceptable quality so that the distribution of the processed and lightly processed fruits delivered without any interruption to the end customer at the least possible Turnaround time.

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