MARKETING PROBLEMS OF AGRO BASED INDUSTRIES IN ANDHRA PRADESH: WITH SPECIAL REFERENCE TO CHITTOOR DISTRICT

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ABSTRACT

Agro based industry is regarded as the sunrise sector of the Indian economy in view of its large potential for growth and likely socio economic impact specifically on employment and income generation. Some estimates suggest that in developed countries, approximately 14 per cent of the total work force is engaged in agro-processing sector directly or indirectly. There is no denying that India has to live with the marketing problem of agro based industries for many years to come. Therefore need arises to make all over development among all sections of the society especially in rural agro based industrial units. It has been found that Rice mill industry in Patiala district is in the crisis and facing the various marketing problems regarding lack of financial assistance, improper marketing channel, high degree of breakdown of finished products and non availability of research lab for quality control. However, if this sector will be properly developed, it can make state Punjab a major player at the global level for marketing and supply of processed food for billion plus mouths to feed. This paper focuses on the marketing problems of Agro based industries in Andhra Pradesh: with special reference to Chittoor district.

Key Words: *Agro-Processing industry transformation Development, Expectation Perceptions*

INTRODUCTION

The agro based industries, there continues to be the recognition that agro-industrial development, even at the small and cottage industry levels, is critically important to the expansion and diversification of the agricultural sector in the Caribbean community. In Dominica, agro-industrial development could make a significant contribution to the transformation of agriculture and, by extension, rural and national development. Vibrant agro-industrial activities can expand the markets for primary agricultural products, add value by vertically integrating primary production and food processing systems and minimize post harvest losses. In addition such activities would reduce seasonality of consumption of a range processed foods, increase the viability, profitability and sustainability of production systems through their impact on increasing farm incomes, rural employment and foreign exchange earnings, while reducing marketing risks. However, with few exceptions, the agro-industrial sector remains rudimentary, underdeveloped and largely without significant institutional, technical and financial support. Thus being mindful of the pitfalls and obstacles to agro-industrial development, it may thus be instructive to re-examine some of the marketing problems and constraints which have continued to plague this sector.[1]

OBJECTIVE OF THE STUDY

The main objectives of the present study are to identify the marketing problems of the Agro based industries in Chittoor district.

METHODOLOGY

The study has been based on primary data, the study purports to analyse the marketing problems of Agro based industries in Chittoor district. The study covers 218 small and medium Agro based units because the size and conditions under which they operate varies from the unit to unit. The data is collected through canvassing questionnaires to the entrepreneurs of Agro based units.

REVIEW OF LITERATURE

Ramesh.P and Murughan.M (2007) with strong economic growth, and a shift towards higher valued foods, Indian edible oil market has been expanding dramatically, The paper highlights groundnut, mustard, sesame, coconut, cottonseed, soya bean and sunflower oil. When one compares the per capita consumption of edible oil in India, it is relatively lower that of western countries. This could be attributed to differential income levels, caloric intakes and specific culinary practices in each state. The aim of this paper is to analyze the trend in the edible oil consumption and potential for the Indian edible oil market for forth coming years. This paper makes use of data from Economic Survey 2003-04, Oil world Annual, 2004, NSSO Data etc. It focuses on the Indian per capita consumption of edible oil which has been growing steadily with the growth of population. The demand for edible oils depends on income and price. So, an increase in population coupled with rise in income levels has ushered in demand growth at a little over 6 per cent per mum in the last couple of years. India's edible oil consumption is expected to grow between 5 and 6 per cent per annum over the next 5-10 years. It winds up by arguing that the current consumption level is 11 kg. An increase of 5-6 per cent would lead to the expected consumption of around 14 kg by 2009-10 and 17 kg by 2015-2016 and it is deemed that the demand of edible oils in India will be 16 million tonnes in 201 5.[2]

Archana Skukla (2008) in her article 'analysis of the problem of fruits and vegetables processing industry in India' stated that the country is the second largest production of fruits and vegetables in the world. However, only 1.78 percent of the total production is commercially processed which is below the level in comparison to many developed and developing countries such as Malaysia, Philippines, Brazil and U.S.A.[3]

Syed Alag Mujtaba (2009) in his article "Agro based sugarcane Industries in India" stated that the economy is yet to realize the full potential of agro- based food industries. The domestic as well as global market is enormous. Only with mass production aided by modern technology and intensive marketing can the domestic market as well as the export market be exploited to the fullest extent.[4]

Devraja.T.S (2009) has analyzed in his book "Financial Performance of Agro based industries" the various estimates of processing units in 2007- 2008 as : atta chakkis and small hammer mills- 2, 70,000, rice hullers- 90,000, rice shellers- 11,000, huller-cum-shellers - 12,000, modem rice mils- 30,000, bullock and electricity operated oil ghannis-2,00,000, oil expellers-55,000, dhal mills -12,000, roller cum flour mills - 700, rice flaking and puffing units - 2,000, bakery units - 54,000, solvent extraction plants - 700, vanaspati plants-100, fruits and vegetable processing plants - 5,000, dairy plants - 450, cold storages units - 3,000, licensed units in the organised sector for meat processing- 165, pork processing units -144, fish processing units - 18 and so on.[5]

Sitalakshmi. S (2010) in her article, "Towards Achieving a Second Green Revolution – The Role of Radiation Technology in Food Processing Management" stated that there is an urgent need for developing economies like India to utilize the technological advances made by BRIT to revamp the food processing sector. Starting from deregulation of the sector to investing in Research and Development facilities, to providing post harvest storage facilities and marketing infrastructure, to linking economic policies to investments in agricultural extension services, a lot of ground has been cleared for the successful implementation of radiation technology.[6]

J. Wilkinson and R. Rocha (2010) in their study on, "The Agro-Processing Sector: Empirical Overview, Recent Trends and Development Impacts" have taken overview of agroprocessing sector world over and pointed out recent trends in it. The study also highlighted the developmental impact of agro-processing sector on the economy. The study finds that Agro-processing industry plays a fundamental role in employment creation and income generation, particularly the food and beverages processing sector remains important at all levels of economic development. It further states the role of agro-processing sector in its contribution to manufacturing and GDP and promotion of socio-economic development.[7]

Johl s s (2011) argued that setting up more and more agro based industries in India will help get rid of the surplus labour contained in the agricultural sector. Indian agriculture is plagued by the disguised unemployment. Due to this, there has been a decrease in the size of operation holdings from 2.30 hectare in 1970-71 to 1.81 hectare in 1980-81 and further to 1.33 hectare in 2000- 01. This calls for a diversification of cropping pattern

and to diversify the rural economy small and ancillary agro based industries in the rural areas need to be established.[8]

Dhiman and Rani (2011) of ago processing industries from the viewpoint of populace, workers and the investorscussed in to their paper "A study on the problems and prospects of small scale agro based industries: an analysis of Patiala district". The main purpose of this paper is to find out the status of agro based units such as rice mill industry in the Patiala district of Punjab and to analyze the various problems being faced by them. This study concluded that agro based industries faced several problems such as - Infrastructural problem, Lack of proper Skills, Upgrading technology, Support services etc. To deal with these problems requires government intervention and the cooperation and support of international agencies.[9]

K Nirmal Ravi Kumar and Rajendran and karthikesan (2013) in their study found that in order to avoid isolation of small scale farmers from the benefits of agricultural produce they need to be integrated and informed with the market knowledge like fluctuations, demand and supply concepts which are the core of economy. Detailed information about agro marketing in India. He discussed about the major problems involved in the practices of agricultural policies and strategies. Along with this, the role of government for agricultural development is also provided.[10]

Making Farming Remunerative for farmers (2014) done by National Institution for Transforming India (NITI) Aayog, Government of India concentrates on a select but important set of policy issues confronting Indian agro industires to come up with recommendations that would help bring about a second Green Revolution in India and sustain robust growth in agriculture. Five such issues have been chosen: measures necessary to raise productivity, policies ensuring remunerative prices for farmers, reforms necessary in the area of land leasing and titles, a mechanism to bring quick relief to farmers hit by natural disasters, and initiatives necessary to spread Green Revolution to eastern states.[11]

SOURCE OF THE DATA

The present study is mainly based on primary data. The Primary data was collected from the sample units by way of field study. Schedules specially designed for the purpose were filled in through personnel interviews and information given by the respondents was also recorded, analysed and drawn interferences

MARKETING PROBLEMS OF SAMPLE AGRO-BASED INDUSTRIES IN CHITTOOR DISTRICT

Marking problems relate to competition cost of production sales demand brand acceptability, mass media expenditure etc. Distributions of units on the basis of marketing problem they face are given table 1.

Table 1

Distribution of Units by Market Problems in Chittoor district in the year 2015-16

Industry	Competition	High Cost of Product	Credit sales	Lack of Brand Good Will	Inadequate Publicity through media	Lack of Differentiated Product	Low of Demand	Heavy Taxes	Total Units
Rice Mills	14 (22.58)	13 (21.00)	07 (11.28)	10 (16.12)	11 (17.74)	04 (6.65)	01 (1.61)	02 (3.22)	62 (100)
Flour Mills	05 (13.89)	05 (13.89)	11 (30.00)	08 (22.22)	07 (20)	0	0	0	36 (100)
Fruits and Veritable Processing	07 (16.23)	09 (21)	05 (11.63)	05 (11.62)	03 (6.97)	0	0	14 (32.55)	43 (100)
Oil Mill Processing	08 (17.78)	08 (17.78)	11 (24.45)	07 (15.56)	06 (13.33)	03 (6.66)	0	02 (4.44)	45 (100)
Others	08 (25.00)	09 (28.12)	02 (6.26)	05 (15.62)	04 (12.05)	0	04 (12.05)	0	32 (100)
Total	42 (19.28)	44 (20.19)	36 (16.51)	35 (16.05)	31 (14.22)	07 (03.21)	05 (2.29)	18 (8.55)	218 (100)

Source: Survey Data, Figures in Parentheses are percentage share

1. Competition

The table 1 at most important marketing problem common to all sample Agro-Processing Industrial units face competition from other units within the same industry from large scale units from multinational companies and also from other units which produce substitute for Agro-Processing Industrial units as a whole suffer from this problem (Table 1). The proportion of units facing this problem various from 22.58 per cent in rice mills of 07 per cent fruit and vegetable processing and Flour mills 52 per cent. However table shows that this problem is series in the rice mills 22.58 per cent, oil mills 17.77 per cent, and others 19.42 per cent.

2. High Cost Production:

Table 1 show that 20.19 per cent of Agro-Processing Industry unit as a whole have reported it as the second most serious marketing problem. This problem is found to be several in case of many industries namely rice mills 21.00 per cent, Flour Mills 13.89 per cent, fruit and vegetable processing 21 per cent, oil mill processing 17.78 per cent, and others 28.12 per cent of Agro-Processing Industrial units as a whole have reported facing financial problems.

3. Credit Sale:

The table 1 third most important marketing problem controlled by Agro-Processing Industries is credit sale of the product; Industrial Units are competition to sell their product to retailer on credit. Credit sales require industries to keep on producing without realizing the sale proceeds within a reasonable period of time. This long with others factors market most of the industrial units impossible either to devote themselves entirely to production activities or to finding out alternative outlets of market, or to the task of improving the quality of their products and raising their productivity. 16.51 per cent of the total agro-processing industrial units as a whole have reported it to be the next important marketing problem. This problem is severe in industries like rice mills 11.28 per cent, Flour Mills 30 per cent fruit and vegetable processing, 11.53 per cent oil mill processing 24.45 per cent and others 6.26 per cent. Stiff competition, desire to expand sales volume and profit have been reported as reasons attributable to this problem.

4. Lack of Brand Goodwill:

The table 1 show that another marketing problem which the units have reported to be facing is the lack of brand goodwill. It implies that their product brand have not received much public acceptance. 16.05 per cent of agro processing industries as a whole are facing this problem. This problem has been reported by 16.12 per cent of rice mills, flour mills 22.22 per cent fruit and vegetable processing 11.62 per cent, and others 15.62 per cent. The agro-processing units have reported that inadequate publicity through mass as a marketing problem.

5. Inadequate and Irregular supply of power:

The table 1 show that 14.22 per cent of the total Agro-Processing Industry units have reported the inadequate and irregular supply of power affect their operation. Agro-Processing Units which are located in remote areas, face this problem seriously 14.22 per cent of Rice mills 20 per cent of flour mills 6.97 per cent fruits and vegetable, 13.33 per cent of oil mills processing, and others 12.05 per cent. Lake of regular supply of power adversely affects the existing capacity utilization regulating in low level of production on the one hand and an increase in cost of production on the others. Therefore an assured regards supply of power is absolutely needed in Agro-Processing Industry have to grow and process at a rapid rate.

6. Lack of Differentiated Product

The table 1 show that lack of different product. 3.21 per cent of Agro-Processing Industry units as a whole face this problem and reported it adversely affected their motivation to continue production. This consist 06.65 per cent of rice mills, 6.66 per cent oil mills processing , and others 3.21 per cent of marketing problems of agro based industries in chitto0r district..

7. Low of Demand

The table 1 show that low of Demand of total 2.29 per cent of Agro-Processing Industry as a whole face this problem. This consist 1.61 rice mills, and 12.05 others.

8. Heavy Taxes

The table 1 show that Heavy taxes of total 8.55 per cent Agro-Processing Industry units as a whole face this problem. 3.22 rice mills, 32.55 per cent Fruits and Veritable Processing, and oil mills processing 4.44 per cent.

CONCLUSION

The study is concentrated only on the impact of marketing practices followed by agro-based units upon consumer consumption. The people of Varanasi only are taken as sample and their pattern is analyzed. Agro based consumers here refer to the consumers who consume agro-processed good such as confectionaries, flour, and other such goods. Agro-based units refer to the units engaged in processing the agro based output for the consumers and produces agro-processed goods in the present study; the main objective was to analyze the impact of marketing practices followed by agro-based units on the consumer consumption. This was further divided into certain segments such as practices followed by the industrial units, consumption pattern of consumers, reason for such consumption and remedial measures. It has been found that nearly 96 per cent of the Varanasi consumers are not fully satisfied from the marketing practices of such products. The reason is chiefly for product quality, pricing, distributional and promotional strategies. The problems could be overrun by following these practices in the recommended manner mentioned above. However it has a significant place in Chittoor District in relation to agro based production. Therefore, it has great scope for development in the district.

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