6. Agricultural Marketing & Agri Business

NICHABANADHI SUB BASIN

6. 1. Objective

To increase the productivity of Crops in irrigated agriculture and to build a frame work of resource management. The efforts of Agriculture Marketing will be directed towards identifying new markets for existing / proposed Crops, better access to pre / post harvest technologies required for value addition and ensure profitable market prices for the farmers, in convergence with the efforts of other Departments.

6. 2. Existing Scenario

Infrastructure: Cold Storage : NIL

Regulated Markets:

Sl. No	Location	Infra structure Available	Notified Crops	Storage Capacity (M.Ton)
1	Sankaran kovil	Godowns-5 Threshing Floor – 1	Cotton, Groundnut, Chillies, Paddy, Black gram, Coriander	5000
2.	Sankarankoil	Co-op. Society Godown – 2	Fertilizer, Food grains,	1000
3.	Sankarankoil	Ware house	Fertilizer, Cement, Food grains,	4000

Markets - Specialised / General Markets.

Sl. No.	Location	Produces Dealt	Agencies	Utilisation	
				2006-07	
1.	Sankarankovil	Cotton, Paddy, Millets, Pulses, Oilseeds, etc.	Commission Mandies and Traders are functioning in all areas of the Towns with minimum infrastructure facilities.	Cotton 1840 Paddy 3183	100% 81%

GLUT / SCARCITY SEASONS

Sl. No.	Commodities	Glut Season	Scarcity Season
1	Cotton	May - August	January - April
2	Chillies	June – August	January – April
3	Paddy	February - April	August – December
4	Maize	February - April	May - December

6. 3. EXISTING MARKETING SCENARIO

6. 3. 1. Organised Marketing System

1. MARKETS:

Regulated Markets are available at Sankarankovil. Among the notified crops, major transactions are for Paddy and Cotton produces. There are big private wholesale markets at Sankarankovil for Paddy, Millets, Cotton, Chillies, Pulses and Oilseeds.

Daily vegetable market is available in almost all small and big towns. The banana at present is being sent to Kerala markets and a portion is also being sent to Madurai.

However with the proposed Terminal market at Madurai, other vegetables like bhendi and flowers like marigold will not be facing any problems in marketing. For millets, Sankarankovil has a good network of private markets and commission Mandies. During the harvest season, traders enter the village and purchase the produce even from the farm yards.

In this area sugarcane is exclusively grown for edible purpose keeping in mind, the Pongal festival in which sugarcane is the part and parcel of rituals, Sugarcane is grown in an area of 523 ha. for supply to Tharani sugars Ltd. Vasudevanallur which is situated in Tenkasi - Rajapalayam Road. The sugarcane is grown on contract basis.

2. COOPERATIVE MARKETING SOCIETY

In Sankarankovil, one Co-operative Society Ltd., is functioning (mainly for cotton kapas). The procurement is made as per the rates of the Cotton Corporation of India rates. Further many private Mandies are functioning for marketing of almost all major agricultural products, especially Cotton. The rate for these products is mainly based on supply and demand.

For Cotton, there is one mill in this area. About 85% of the Cotton for this mill is procured from other states. Long staple (>32 mm) cotton varieties MCU 5, Bunny, Suvin etc. are imported from Maharashtra while medium/ short staple (<24mm) cotton variety like MCU7 is being locally grown and purchased. Tie-up with firms for contract farming has to be mentioned here. Both imported and locally purchased cotton are mixed and utilized in this mill. The annual turnover of the mill

is around 50,000 bales. So the cotton grown in the area could easily be marketed in this spinning mill within this basin area.

6. 3. 2. Un- Organised Marketing System

1. LOCAL MANDIES:-

Farmers usually get crop / personal advances from commission mandies and are therefore forced to sell their produces to commission Mandies. The commission Mandies are charging interest for the advances and commission is also charged for the produce sold through them. Traders prefer to purchase agricultural commodities through commission Mandies only as credit facilities are allowed. Generally the price will not be competitive and the farmers will receive the sale proceeds after deduction of commission and other marketing charges.

6. 4. MARKETING PRACTICES

a. Post Harvest Technology

Pre and post harvest practices are not adopted in the sub-basin area. Farmers usually store their produces in their own houses which are facilitating the attack of stored product pests and rats etc. Providing ABC would be the main source in overcoming the problem. The godowns are to be maintained by farmers association or Commodity Groups at their own costs.

b. Grading

No scientific grading work is done at present. In the case of cotton, the good cotton Kapas and the Kottuparuthi (pest & disease attacked, discoloured) are heaped separately in the space available within the house. Likewise, in chillies the pest & disease attacked and immatured are separated manually and stored in heaps after sun drying them. In paddy, proper manual winnowing is done to segregate immatured defectful grains and foreign matters. It is properly dried and stored in the existing local storage bins available with the household.

c. Transportation

No specific difficulty is experienced. The produces like Paddy, Groundnut etc., are transported generally by vans and Lorries. Two wheelers are used for carrying Vegetables to the nearest Marketing Centres.

d. Contract Farming

At present no contract farming practice is adopted. But in future it is suggested for crops like Cotton, Vegetables and Sugarcane (edible purposes).

e Source of Market Information

Now, it is only through news papers, phone messages and mass media. It is to be improved by adopting latest IT methods.

6. 5. Cropping Pattern

		Without Project	With Project
Fully irrigated area	:	2522 Ha	4060 Ha
Partially Irrigated area	:	681 Ha	0 Ha
Gap Area	:	997 Ha	140 Ha
Total Ayacut Area	:	4200 Ha	4200 Ha

6. 6. DETAILS OF MARKETABLE PRODUCE

(WITH PROJECT)

Sl. No.	Name of Crop and Season	FI	Gap	Yield /Ha. (M.T/Nos)	Total Production M.Ton/ Nos	Marketable Surplus		Income (Rs. in Lakhs)
						%	Actual Qty.	
I.	**PERENNIAL**							
1.	Coconut	94		100 Nos/ Year / Tree	14.1 Lakh Nuts	98	13.8	41.4
2.	Sapota	45		10	450	99	446	67
3.	Amla	45		8	360	98	353	71
4.	Fodder	85				96		
5.	Prosphis		140					
II..	**ANNUAL**							
1.	Sugarcane	324		100	32400	100	32400	337
2.	Banana	174		50	8700	99	8613	217
III.	**I CROP (Sept-Jan)**							
1.	Paddy	1650		4.67	7706	70	5394	647
2.	Cotton	110		2	220	100	220	44
3.	Vegetables	25		15	375	98	368	37
4.	Chillies	100		3	300	99	297	59.4
5.	Fodder	50				96		
6.	Maize	700		3	2100	98	2058	123
7.	Sunflower	340		1.5	510	100	510	92
8.	Pulses	318		0.7	223	85	190	47.5

1V	**II CROP (Feb-May)**							
1.	Paddy	100		4.67	467	70	327	39.24
2.	Cotton	232		2	464	100	464	92.8
3.	Vegetables	355		15	5325	98	5218	521
4.	Sunflower	250		1.5	375	100	375	68
5.	Pulses	152		0.7	106	85	90	22.5
6.	Maize	300		3	900	98	882	52.9
7.	Chillies	45		3	135	99	134	13.4
V.	**III CROP**							
1.	Pulses	100		0.7	70	85	60	15
2.	Maize	50		3	150	98	147	8.7
3.	Sunflower	100		1.5	150	100	150	27.2
4.	Vegetables	190		15	2850	98	2793	279

6.7. Constraints

6. 7. 1. Constraints identified in Existing Scenario

The following constraints are identified seen in the sub basin during walk-through Survey, farmers' consultations etc.

a. Production – Glut – Harvest takes place in a particular time at all fields resulting in glut production.
b. Improper weighment – One or two kg produces excessively weighed per bag during sale.
c. Poor post harvest practices – There is no grading / packing, Insufficent drying etc.
d. No collective action – individual farmers go to market
e. Lack of Market information

6. 8. Challenges thrown up by diversification / area expansion

1. Identifying new market for new crop
2. Improving existing market utilization
3. Providing Multiple market information (for each type of crop) to get best prices.
4. Ensuring collective marketing / bargains
5. Storage Godowns as per crop needs
6. New practices – Product handling, Grading, Packing, on farm processes and quality control.

Solutions and Recommendations

1. **Consultative process undertaken in the sub basin**

6.9. Walk – through survey

Officials went to walk through surveys in the sub basin and covered all the villages and Meetings were also conducted with farmers of the sub basin.

The need for storage sheds for value addition, crossing over the glut period etc. need not be stressed. However in this sub basin, commonly storable produce of Paddy, Sunflower and Maize need to be stored and the scenario is as follows :

Crop	Area (Ha)	Productivity (Kg / Ha)	Production (MT)	Storable Produce (MT)
Paddy	1750	4670	8172	**10026**
Sunflower	690	1500	1035	
Maize	1050	3000	3150	
Pulses	252	700	176	
Total			**12533**	

Among the diversified crops recommended in the Nichabanadhi sub-basin the major diversified crops namely Paddy, Sunflower, Pulses and Maize required storage facility to get better price to the producers. The marketable surplus of the above diversified crops is about 10026 M.T. against the available capacity of 10000 M.T. vide 6.2.

From the above, it is clear that the available storage capacity in various sources fairly matches the storage needs of the sub-basin. However a constant watch will be maintained on the needs of the storage as well as storage availability and any mismatch will be remedied quickly.

6.10. Stakeholders demands

Storage :

The farmers like to have godowns in their nearby places. They are not ready to invest money but they want the Government to construct godowns. The first choice of the farmers is to construct more godowns in their nearby places.

6. 11. Marketing Centres facilities etc

The farmers are aware about the Regulated Markets and the facilities available there. They are hesitating to incur expenditure on transporting and handling charges involved in bringing produces from their houses to the near by Regulated Market. They feel that the expenditure can be avoided by selling their produces to the village merchants or in the nearby local markets. Also they are not ready to spend a day in going to the Regulated Market and sell their produces.

6. 12. Marketing Intelligence :

The farmers at present experience the dissemination of market intelligence through the medias and local news papers.

Cropping Patten :

Pulses :

Pulses are grown in 252 Ha in NIchabanadhi sub-basin area. They are selling their produce to middle level merchants. New dhall mill will be facilitated to start in this area to break the monopoly in the system. Commodity groups will be formed in these clusters to identify common problems and rectify the same.

Maize :

With regard to Maize, tie up arrangements are to be made with poultry feed manufacturers like Suguna, Shanthi, etc. Then arrangements will be formalized through formation of Commodity Group and also creating a federal set up at Sub-basin level, so that the collective bargaining power of farmer will be increased. During the running of Commodity Groups hardware components like Godown, Drying yard etc., which are necessary for value addition of the produce will be identified and provisions made in the Sub Basin's plan subsequently.

Vegetable :

Vegetables like Bhendi, Brinjal, Tomato, are extensively proposed to be grown in the sub basin area. Farmers sell their produce by sending it to Madurai, Nainagaram (Tirunelveli whole sale market) and vegetable traders co-operative society at Kerala.

Sunflower :

Sunflower is to be cultivated in an area of 690ha in this sub basin area and oil mills will be contacted for selling, through an MOU.

6. 13. Components proposed with phasing

S. No	Components	Physical Nos.	Financial Rs. in Lakhs	Expenditure Details in Lakhs (year wise)			
				I	II	III	IV
1	ABC centre	1	15	-	5.0	10.0	-
2	Collection Centre	1	2	-	-	2.0	-
3	IEC & CB	LS	3	1.0	1.0	1.0	-
	Total		**20**	**1.0**	**6.0**	**13.0**	**-**

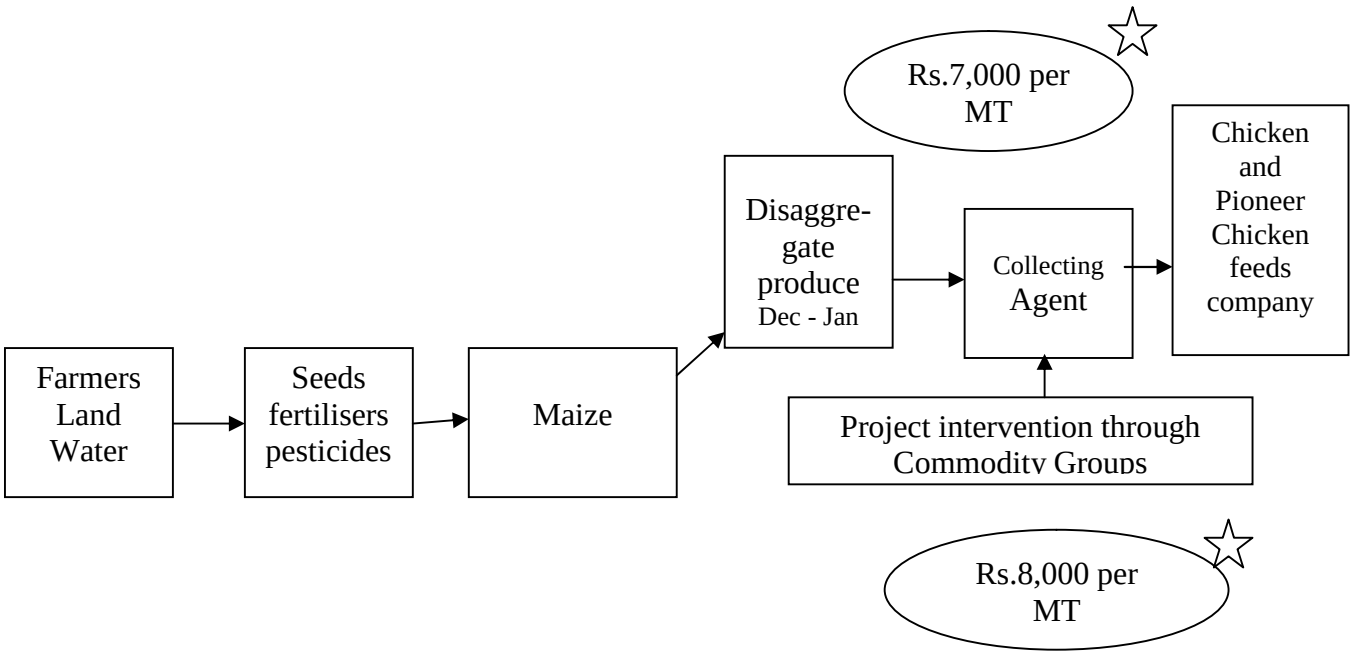
The area of the sub-basin being considerable with around 6074 Ha. and the present marketing facilities being inadequate as discussed earlier, an Agri. Business Centre will be absolutely necessary. The proposed ABC will be primarily a hub of marketing activities in the sub-basin with a Knowledge Centre, IT Kiosk Input Stalls, Marketing T.Shed etc.

6. 14. Agri Business Centre :

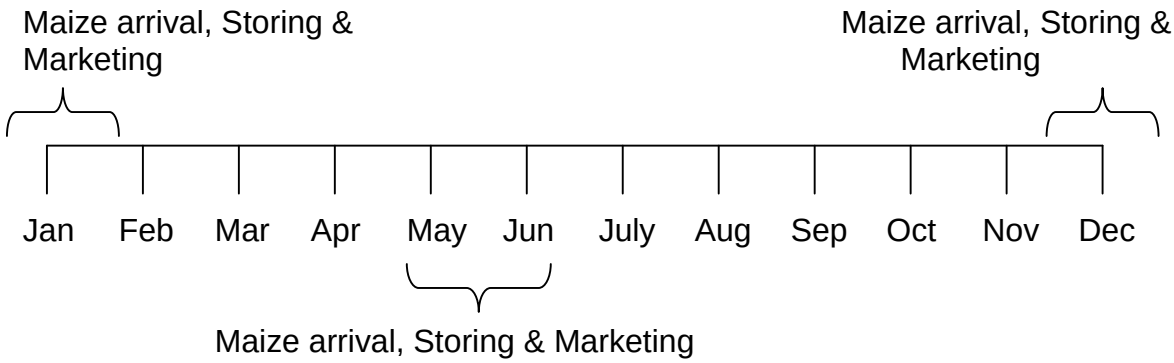
The proposed ABC will be created at Sankarankoil Block, which has great potential for Pulses, maize, and sunflower. The paddy area will be diverted to pulses, sunflower and maize crops. This ABC will provide infrastructure facilities and also serve as a knowledge centre. The ABC proposed will be the main fulcrum of activity of Commodity Groups and they will hold discussions in ABC about the situation and possible solutions including Government / Project Support. Maize area is proposed to be cultivated in 1050 Ha. from the present area of 55 Ha. and it is essential that decisions on variety consumer preference, marketing prices, etc. are discussed.

Among other things ABC will develop value chain for different crops. The expertise available with Senior Marketing Facilitators and the local wisdom of the members of the Commodity Groups will be utilized fully towards this. A model Value Chain and Business plan developed will be as follows.

Maize



<u>Business Plan : For Maize</u>



☆ Point of Project intervention method : - Commodity Groups and Direct negotiation with wholesale purchase.

Regulated release from storage for

- Price regulation
- Quality enforcement

6. 15. Collection Centre :

The area under Vegetables (570 Ha.), Banana (174 Ha.), Chillies (145 Ha.), Maize (1050 Ha.) is considerable and needs support from Project.

The Collection Centre proposed with a batch of temporary sheds and a linking arrangement between for collection will help the farmers to collect the produces at different central places and transport them to a wholesale market / processing centre.

6. 16. IEC & CB :

Farmers are to be trained about the know how of modern cultivation, Post Harvest Technologies, Value addition, food processing and Grading etc., The farmers will be taken to SAU, Agro Based Industries, Major markets, Food processing Units and KVK, within the State and also outside the State. The one day Interface work shop will be arranged with Traders.

6. 17. Out come of the Project :

1. % increase in value of marketing surplus - 75%
2. % increase in Commodity arrival to markets - 75%
3. % of decrease between farm gate and wholesale price – 25%

6. 18. Commodity Groups

For each commercial crop Commodity Groups will be formed to increase collective bargaining power. All the Commodity Groups combined in a federal set-up and assets created will be handed over to the federal set-up till WUAs formed.

6. 19. Maintenance of assets

After completion of Project, the asset will be handed over to the above mentioned federal set-up. Hire charges and other charges will be nominal and as available with the adjoining areas.

Capacity Building Programmes for farmers in Nichaba Nadhi Sub-basin.

The farmers in Nichaba Nadhi Sub-basin need training in the areas of Marketing practices, demand driven cropping pattern, Post harvesting technologies, food processing and value chain analysis. IEC will provide information pertaining to market inputs.

1. Interface Workshop: To create links between the farmer and the trader.
2. Exposure visits: This is organized at cluster level. Selected farmers will be taken for exposing them on Food Processing, Storage and Marketing.
3. Follow-up Visits: Follow-up visits will be carried out to ensure the sustainable application of new skills, methods and ideas.
4. Commodity Groups (CGs)-Ground Nut, Maize, Pulses - will be facilitated to take part in trainings and exposure visits as and when it is appropriate as specified in Training Matrix given below.

An Interface Workshop will be organized to minimize the gap between the farmer and the trader, this workshop would also provide input for planning capacity building programmes for farmers in “Agricultural Marketing”. This will be organized at Vasudevanallur.

Follow-up visits have been proposed at regular intervals to substantiate and fine-tune the skills that have been imparted in exposure visits and Workshops.

Village Level: Village level meetings and campaigns will be organized to sensitize farmers on the need for involving themselves in direct trading. Facts and figures will be presented in the form of a Case Study to make them realize the importance of direct trading for making more profit.

As far as Agricultural Marketing is concerned, more Technical training programmes on price information, quality standards (grading and sorting) will be organized at village level, in groups formed on the basis of different commodities they produce. Simultaneously, active and potential farmers will be identified for participating in exposure visits.

Cluster level: Exposure visits to Agricultural Food Processing & Marketing Places within the state will be organized for Commodity groups (each group may have 20 to 25 farmers). (If possible the exposure visits may be organised in collaboration with AED and Horticulture department). Besides marketing strategies, farmers will also be exposed to storing, sorting, grading and packing methods and skills. The farmers will be taken to SAU, Agro Based Industries, Major Markets and Food Processing units.

An Interface workshops for a minimum of 3 commodity groups (each commodity group will have 20 to 25 farmers) will be organized in which Farmers,

representatives from KVK, representatives from TNAU and Private Enterprises will be participating.

The Nodal Officer of the Sub-basin will have to ensure the inclusion of small and marginal farmers from marginalized communities in all their capacity building programmes. Women farmers will be identified and motivated to participate in the training programmes.

Training Matrix

	Training content	**Time frame**	**No.of trainees**	**Type of CB Programme**	**Who will do it**	**Duration and Location**
Component 1. Change Behaviour						
Village Level	Sensitising farmers on the need for direct trading	1st Year	All villages in the Sub-basin.	Village meetings and Campaigns. IEC		One day, at villages.
Cluster Level	Convincing farmers on the need for direct trading	1st Year	75 farmers in batches	Exposure visit, interaction with farmers.		Five days, outside the state.
	Familiarizing farmers with Food Processing & Post Harvesting techniques.	1st , 2nd and 3rd year.	75 farmers in 3 batches	Exposure visit, interaction with farmers.		Two days, within the state.
Component 2:Technical						
Village level	Technical Education on Food Processing & Post Harvesting technologies	2nd and 3rd year.	100	Training		One day, at selected villages
Cluster level	Networking with Private enterprises, Corporate companies for direct trading.	1st , 2nd and 3rd year.	100 in different batches.	Interface / Workshop		One day, at a convenient place for farmers.

Estimated Budget - Nichabanadhi

	Training content	Description of the cost		Total in Rs
Component 1. Change Behaviour				
Village Level	Village meetings and Campaigns.	IEC		31000
		Telecasting in Local Cable TV	5000	
		Printing of Pamphlets	6000	
		Hoarding, Posters	20000	
Cluster Level	Convincing farmers on the need for direct trading. 5 days Exposure visit. Outside the state.	Food: 50 farmers x Rs 150 x 5 days	37500	127500
		Travel: 50 farmers x Rs 1000	50000	
		Accommodation: 50 farmers x Rs 100 x 3 days.	15000	
		Incidentals: 50 farmers x Rs 100 x 5 days	25000	
	Familiarizing farmers with Food Processing & Post Harvesting techniques. Exposure visit. 2 days. Within the state.	Food: 75 farmers x Rs 150 x 2 days.	22500	67500
		Travel:75 farmers x Rs 200	15000	
		Stipend: 75 farmers x Rs 200	15000	
		Accommodation: 75 farmers x Rs 100 x 2 days.	15000	
Component 2:Technical				
Village level	One day training on Technical Education on Food Processing & Post Harvesting technologies	Food: 50 farmers x Rs 150	7500	39000
		Travel: 50 farmers x Rs 30	1500	
		Stipend: 50 farmers x Rs 100	5000	
		Resources Persons Rs 500 x 4	2000	
		Stationery	3000	
		Training Hall rent, 4 occasions	20000	
Cluster level	One day, Interface Workshop - Networking with Private enterprises, Corporate companies for direct trading.	Food: 50 farmers x Rs 150	7500	35000
		Travel: 50 farmers x Rs 100	5000	
		Stipend: 50 farmers x Rs 100	5000	
		Resources Persons Rs 1000 x 4	4000	
		Stationery 60 farmers x Rs 30	1800	
		Hall Rent Rs 5000 x 2 occasions	10000	
		Miscellaneous	1700	
Grand Total				**300000**

Convergence Table – Cluster No. I

Sl. No.	Name of Tank / Anicut	Village	Ayacut (Ha.)	Marketing
	TANKS			
1	Periapanchamarkulam	Puliangudi	48.49	Commodity
2	Ilanthaikulam	Puliangudi	51.78	Group - 1
3	Narayanaperikulam	Puliangudi	65.90	
4	Kothandaramaperikulam	Chinthamani	49.42	
5	Samuthiramkulam	T.N. Puthukudi	146.67	
6	Indraperikulam	Ramasamiyapuram	103.10	
7	Perikulam	Thalaivankottai	65.12	
	DIRECT OFF TAKE CHANNELS			
1	Veeramullikal	Puliangudi	21.91.0	
2	Naranaperi – Ilanthaikulam kal	Puliangudi	25.35.0	
3	Sambodai kal	Puliangudi	27.09.0	
			604.83.0 Ha	

Cluster No. II

Sl. No.	Name of Tank / Anicut	Village	Ayacut (Ha.)	Marketing
	TANKS			
1	Pattakulam Tank	Puliangudi	56.81.0	
2	Periyasadayaneri Tank	T.N. Puthukudi	169.45	MOU /
3	Sahalaneri Tank	Chinthamani	82.94	Contract
4	Vannaneri Tank	Chinthamani	41.94	Farming
5	Keelachintamani Tank	Malayadikurichi	148.87	Commodity
6	Sirukulam Tank	Darugapuram	102.65	Groups
7	Pattakurichikulam	Pattakurichi	52.28	
8	Rajagopalaperikulam	Vasudevanallur	57.79	
	DIRECT OFF TAKE CHANNELS			
1	Pattakulam kal	Puliangudi	6.03.0	
2	Kanjarapathi kal	Puliangudi	12.39.0	
3	Kattapuli kal	Chinthamani	29.47.0	
4	Vannaneri kal	Chinthamani	19.48.0	
			780.10.0 Ha	

Cluster No. III

Sl. No.	Name of Tank / Anicut	Village	Ayacut (Ha.)	Marketing
	TANKS			
1	Nagaramperiyakulam	Nagaram	62.70	Commodity
2	Periya veeriruppukulam		52.68	Group
3	Ariyoor Big Tank	Ariyoor	83.74	Exposure
4	Perumbathur Big Tank	Perumbathur	167.40	Visits
5	Kuvalaikani periyakulam	Kuvalaikanni	45.45	
6	Manalur periyakulam	Manalur	110.67	
			522.64.0 Ha	

Cluster No. IV

Sl. No.	Name of Tank / Anicut	Village	Ayacut (Ha.)	Marketing
	TANKS			
1	Chinthamani Tank	Nelkattum Seval	364.97	Capacity
2	Paraikulam Tank			Building
3	Karivalamvonthonallur Big Tank	Karivalamvonthonallur	106.31	Exposure Visit
4	Periyoor Tank	Periyoor	195.88	
	DIRECT OFF TAKE CHANNELS			
1	Sankaranperi kal	Sankaranperi	65.54	Commodity
2	Manthikulam kal	Panaiyoor	309.20	Groups
			1041.90.0 Ha	

Cluster No. V

Sl. No.	Name of Tank / Anicut	Village	Ayacut (Ha.)	Marketing
	TANKS			
1	Soundaraperi Tank	Rayagiri	77.98.0	Exposure
2	Melakarisal kulam	Rayagiri	31.66.0	Visit,
3	Keelakarisal kulam	Thenmalai	77.28.0	Training
4	Kannasamba kulam	Duraisamiyapuram	87.63.0	Commodity
			274.55.0 Ha	Group

Cluster No. VI

Sl. No.	Name of Tank / Anicut	Village	Ayacut (Ha.)	Marketing
	TANKS			
1	Veeraparakiramankulam	Karivalamvandanallur	155.98.0	ABC
2	Maruthankulam	Karisathan	54.37.0	Commodity
3	Marathoni Tank	Marathoni	85.18.0	Group
4	Chattirapathither kulam	Chettirapatti	47.07.0	Training
5	Thiruvengadam Tank	Thiruvengadam	93.38.0	
6	Koothadikulam	Thiruvengadam	56.70.0	
7	Keelanmarainadu Tank	Keelanmarainadu	159.45.0	
			652.13.0 Ha	

Cluster No. VII

Sl. No.	Name of Tank / Anicut	Village	Ayacut (Ha.)	Marketing
	TANKS			
1	Vagaikulam	Malaiyankulam	42.95	IEC & CB
2	Perungottur periyakulam	Perungottur	70.95	activity
3	Vayali Tank	Vayali	46.49	Commodity
4	Sevalkulam periyakulam	Sevalkulam	44.24	Group
5	Alamanaickanpatti Tank	Alamanaickanpatti	42.44	
6	Vellakulam	Vellakulam	76.60	
			323.67.0 Ha	