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Singh, K M

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Public Private Partnership for effective marketing of Agricultural Produce

K.M.Singh

The Canadian Council for Public Private Partnerships defines Public Private Partnerships as a cooperative venture between the public and private sectors, built on the expertise of each partner that best meets clearly defined public needs through the appropriate allocation of resources, risks and rewards. The two elements that characterize the definition given by the Council are provision of public services and sharing of risks between the partners. The definition given by the National Council for Public Private Partnership of United States also emphasizes the provision for public service and sharing of risks and rewards between the two partners. The definition states that Public-Private Partnership is a contractual agreement between a public agency and a private sector entity. Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to the sharing of resources, each party shares the risks and potential rewards.

As a science-based activity, agricultural research is best performed by multidisciplinary and inter-institutional teams of scientists from both public and private sectors. Agricultural growth is a prerequisite for economic development, especially in the countries with agri-based economy. Even when all irrigation potential is developed, one half of the arable land of the country remains rain-dependent. Therefore, the high growth in agricultural sector would progressively depend more on the development of rain-fed agriculture. Unless efforts are made to increase the production in rainfed regions, it is difficult to remove the inequalities between irrigated and rainfed areas in the country. To accelerate pace of rainfed agriculture and to harness its potential benefits, there is a need to introduce appropriate technologies and create suitable institutions and infrastructure to promote a shift to high-value added crops. There are emerging opportunities for traditional and high value crops that offer potential to raise rural incomes. Such a shift will enable rainfed agriculture to increase production, augment farm-income, generate employment, alleviate poverty and conserve precious soil and water resources and the promotion of high-value commodities may act as the catalyst to bring a “second-generation” Green Revolution in rainfed areas.

Though interaction of private sector and public sector is not new, yet the level is very low. Certain areas of interactions in Agriculture are Field trials, Pesticide testing, Germplasm evaluation, Collaborative technology development – hybrid rice and in Biotech: Biosafety studies, Germplasm/Agronomic evaluation, Animal feeding studies, Ecological studies. With partnership between public and private sectors, the strengths of both the sectors are leveraged. On the one hand, public sector has highly skilled and efficient manpower in agriculture and on the other hand private sector has excellent managerial resources. The decentralized decision-making in private sector helps in reducing time for commercialization. Proper budget management and global regulatory expertise are certain other benefits of the system, while availability of diverse germplasm of different crops and diverse breeding crops can be boasted by the public sector

The Inter-Ministerial Task Force on Market Reform has strongly recommended that, the effective reforms in the agricultural marketing system of the country are inescapable to enable our farmers to face challenges and avail the benefits created out of the changed trade environment on account of liberalization, privatization and globalization. Accordingly, Ministry of Agriculture, Government of India prepared a Model Act called Agricultural Produce Marketing (Regulation & Development) Act, 2003 in consultation with all the state Governments/UTs to which they have agreed to amend in their respective State APMR Act in the line of Model Act to bring about the requisite reforms in the sector. The Salient features of the Model Act are setting up markets in the private/co-op sector, rationalization of market fees, promotion of Contract farming, direct marketing and grading and standardization including setting up of a grading and standardization Bureau in each State/UT etc.

Agricultural companies are providing services through payment by contract farming, marketing of high value crops by commercially export companies, Value addition and charged based service centres for farmers. Several corporation at present are involved in agro-commodity trading, processing, exports and have tried to establish systems to ensure timely and consistent supply of raw material of desired quality and at low cost. Some of the agri-business companies like e-choupal, Mahindra Samriddhi, Mahindra Shubhlabh, Tata Kisan Kendra, Chambal Uttam Bandhan in their unique model are also involved in transfer of technology with market support. Farmers have increasingly begun to perceive marketing than production, as the major constraint in enhancing their farm incomes. In recent times reform oriented initiatives have been directed

towards a demand driven, broad-based and holistic agricultural extension system involving introduction of a multitude of integrated measures that will on the demand side-enable service users to voice their needs and hold service providers. The government envisions that “Private sector participation will be promoted through contract farming and leasing arrangements to allow accelerated technology transfer, capital inflow and assured market for crop production, especially of oilseeds, cotton and horticultural crops.

Public-Private partnership in India are mostly involved in contract farming models undertaken by agri-business companies which usually takes care of pre-agreed price, quality assurance quantity and time of delivery, and as per the contract farmers are required to plant the contractor's crop on his land and to harvest and deliver it to the contractor, based upon anticipated yield and contracted acreage mostly at a pre-agreed price. The contractor supplies the farmer with selected inputs along with technical advice. Some cases of private sectors involvement in are:

- Input suppliers/dealers selling pesticides, seeds, nutrients and farm implements,
- Corporate sector (i.e. commercial crops like tobacco, tea, coffee, oilseeds (sunflower) and vegetables;
- Farm implements—tractors, threshers, sprinklers, drip irrigation; etc..
- Community based organizations, including farmers' organizations, farmers' cooperatives as well as farmer interest groups (FIGs) and self-help groups (SHGs)

Four axioms has been identified for a successful “partnerships with private partners in a market-driven extension system” (Singh, 2013).

The **first axiom** is that if there isn't a market; don't encourage farmers to produce a specific crop or product. Therefore, the first task to be carried out is to assess the potential markets for different high-value crops or products that can be successfully produced in different blocks within the district.

The **second axiom** is that if farmers cannot easily transport the product to market; look for more promising products that can be easily marketed.

The **third axiom** is that if the crop (or product) cannot be successfully grown or produced within the district due to unfavorable agro-ecological conditions, then look for more promising crops or products that are well suited to the district.

The *fourth axiom* is to diversify into a variety of different high-value crops/products that are suitable for different FIGs or WIGs within the district. These approaches will mitigate risk by not saturating the market with one or two products and, thereby, driving down prices.

Market and infrastructure development

The Model APMC Act of Government of India encourages direct marketing to enable the farmers get the best price for their produce and create partnerships with banks, finance and logistics companies for lowest cost financing and marketing. This would attract private investment in creation of much needed marketing infrastructure, create competition and ensure better service to the farmers (Anonymous 2005). In India, ICRISAT's Hybrid Parents Research Consortia brings together 34 small and medium sized domestic firms for the purpose of commercializing sorghum, millet, and pigeon pea hybrids, thus contributing to the commercial viability of both domestic seed firms and the wider seed market in India. Direct marketing like ITC e-Choupal and the National Dairy Development Board model of public-private partnership, provides a viable alternative for small farmers, should be replicated to provide safety net to farmers by financial risk management and introduce effective Agricultural Insurance.

In the wake of increasing involvement of private sector in agricultural extension Public-Private Partnership in various modes / forms can provide synergistic approach in the extension efforts. Public-Private Partnership has emerged as one of the crucial areas in agricultural extension by ATMA's in Bihar and it was found quite successful (Singh and Jha,2012).

IMPACT OF PPP IN AGRICULTURE Marketing

The good impact of PPP in any field depends on involvement of institutions and industries in seeking collaboration and combining all available public and private skills (Peter 2002). PPP has made positive changes in market linkage of farm produce, capacity building of farm families, reduction of risk and uncertainties, social mobilization and economic empowerment of farmers (Hisrich and Peters 2002).

Knowledge management

Knowledge management strategies in the context of Public-Private Partnerships resulted in increased production and better service delivery. This approach has helped in replacement of traditional rice varieties with basmati rice, cultivation of medicinal and aromatic plants and mushroom in Patna district of Bihar (Ponnusamy 2013). Farmers obtained an average net income

of ` 22 000/ha by diversifying from groundnut and paddy to maize in Chittoor district of Andhra Pradesh and also expanded maize area from 60 ha to 1150 ha (Srinath and Ponnusamy 2011).

Development of high end technologies:

High end technologies could be developed along with improving efficiency in management of PPPs and improving the institutional intellectual property management skills and information database on available technologies in the public sector. Commercialization of Bt maize varieties based on partnership between Agricultural Genetic Engineering Institute (AGERI) of Egypt and Pioneer Hi-Bred Company, developing delayed ripening of Papaya between Syngenta and University of Nottingham, development of GM sweet potatoes in Kenya, development of super sorghum through nine globally respected institutions and completion of rice genome sequencing project in 2004 have resulted in high end technologies through PPP approach (Khush 2005).

Reduction of risks and uncertainties

PPP has the potential to reduce risks and uncertainties related to crop failure, pest and diseases, natural calamities and natural resource management. Food safety-related barriers in the export context were addressed through PPP approach for green beans in Kenya and grapes in India. John Deere, a leading farm implements manufacturing company has helped to promote mechanized farming in tribal region of Gujarat by establishing 8 Agricultural Implements Resource Centers each covering 600 acres of cultivated land through PPP (Reddy and Rao, 2011).

Productivity enhancement

ICAR and Department of Biotechnology, Government of India initiated dialogue with Monsanto for transfer of Bt cotton technology to India resulting in, Mahyco going into partnership with Monsanto, which finally resulted in the introduction of Bt cotton in India (APCoAB 2007). The country experienced an unprecedented increase in Bt cotton acreage from 29,000 hectare in 2002 to 9.4 million hectare in 2010 (James 2010). The productivity of cotton increased from 301 kg/ha in 2002-03 to 526 kg/ha in 2009-10 and reduction in real cost of production ranged from 16 to 46 per cent (Ramasundaram *et al.* 2011) bringing in more equality in farm-income distribution (Morse *et al.* 2007) .

Economic empowerment of farm women

Public private partnerships in agricultural marketing has also revealed significant opportunities for women entrepreneurs and groups in delivering local services and creating conditions for

empowerment at the grass root level. The PPP between Cadbury India, Kerala Agricultural University and DBT during past 23 years trained 250 women and established 28 cocoa chocolate units in different parts of Kerala. Thirumadhuram Pineapple project through PPP involving Kudumbhasree Project Mission, Department of Agriculture, women SHGs and Nadukkora Agro-processing centre could produce 25000 tonnes of pineapple in 500 ha and directly employed 12500 women. (Rajendran *et al.* 2010). PPP in vegetable marketing in Coimbatore district of Tamil Nadu, enhanced the income level of farmwomen by 20 per cent (Thangamani *et al* 2012).

Gender mainstreaming in agriculture

Gender sensitized maize production among tribal farm women of Odisha through PPP approach resulted in enhanced knowledge level, productivity and income, similarly organic farming promoted through PPP mode by Assam Agricultural University enhanced the knowledge and market skills of farm women (Ponnusamy *et al.* 2012). Better market linkage of women vegetable growers with *Annapoorna* hotel in Coimbatore district of Tamil Nadu resulted in higher income (Thangamani *et.al.* 2012). When the gender as a factor is taken for planning and implementing the agricultural programmes, it is possible to enhance the access of technologies, inputs, credits and markets and result in elimination of gender differences and discriminations in rural area.

Some examples of Public Private Partnership Initiatives by ATMA-Patna, Bihar (Singh,2013)

1. Using Private Sector for Extension: Various private sectors were utilized and given platform like Bihar Industries Association, Baidyanath Ayurved Bhawan , Fragrance Herbs, Ayurved Shri Herbals Ltd., Pamer Agro Ventures (P) Ltd., Amrapali Foods, Ltd. Samrat Mushrooms, Micro Tech Nutraceuticals, Raj Agrico, Bihar Chamber of Commerce, Decent Enterprises (I) Pvt. Ltd., Golden Fries Ltd

2. Using NGOs for Extension: NGO's can play a very important subsidiary role as was shown by the involvement of NGO's like Sristi Foundation, Adarsh Gramin Vikas Sansthan, Prem Youth Foundation, RP Channel-5 Vitarani Krishak Samiti, Paliganj Vitarani Krishak Samiti, Manjhauli Vitarani Krishak Samiti, Nari Gunjan, Mahila Bal Jyoti Kendra

3. Promoting Extension Through Farmer Change-Agents: Inovative farmers acts like change agents and were successfully utilized for Diversification in agril, Medicinal And Aromatic Plants cultivation, Mushroom cultivation, Zero tillage, NRM and INM etc.

4. *Kisan Samman Yojana- An Initiative for Farmer-to-Farmer Extension*: Awarded farmers to be involved as Trainers for Farmer-to-Farmer extension

5. *Organizing Women into Commodity-Based Farmer Associations*

6. *Release of the Directory of Extn. Service Providers.*

Encouraging Private Sector Involvement in Technology Transfer

Public service agencies provide subsidized agro-goods and services that are a significant deterrent to the expansion of private sector involvement in technology transfer, because this often leads to the creation of an uneven playing field and discourages market entry by private sector providers. Wherever possible, such subsidies will be phased out in order to stimulate the emergence of a private input supply networks to provide hybrid seeds, artificial insemination services, fertilizers, agro-chemicals, animal feed, machinery, equipment and other agricultural supplies and services to farmers on a full cost-recovery basis. Generally, the costs associated with the research, development and transfer of these material technologies are embodied in the prices of these products. Therefore, farmers cover these costs when paying for the products, making this component of the Agricultural Technology System (ATS) financially sustainable. In the field of material technology dissemination—which includes distribution of inputs such as fertilizer, seed, planting material, chemicals for plant protection and agricultural implements—a competitive, private sector has developed in almost all states This new policy envisages withdrawal of the public sector from areas where agro-services can be effectively and competitively provided by the private sector. In such cases, the role of the public sector becomes one of facilitator and enabler. Such a system dictates moving towards a realistic system of cost-recovery for agro-services by the state. If the public sector continues to subsidize these services, this will prevent a “level playing field” in which the private sector can operate. There will need to be a re-examination of existing rules, regulations and acts to abolish provisions, which constrain private investment in the delivery of agro-services (Singh et al, 2017).

Keys to Successful PPP

1. *Producers need assistance*: Self assessment tools provides learning to the company, Assistance motivates producer, Assessment is an educational process

2. *Producers must respect and trust the third party they are working with*: Implementation dependent on trust must correspond to modern production practices, speak their language

3. *Partnerships work best*: Each agency brings own strengths, Commodity groups critical to acceptance, Education is essential
4. *Producers need Incentives too*: Companies should go beyond compliance, Recognition and awards are desired, Greater access to financial assistance, Less regulatory oversight, liability, and insurance could work on larger operations, Difficult to capitalize on market benefits
5. *Producers must take active role in process*: Plans, assessments, done without producer input rarely get adopted, Education is necessary to get producers to point where input is helpful, Decisions should be documented benefit.

Conclusion:

The importance of Public Private Partnership in Agricultural marketing can be understood in terms of a shared mechanism among partners for input, resource, market, risk, technology and benefits. Establishing PPP cell at research and development organizations would spearhead the growth of PPP and thereby sustainable agriculture and livelihood of millions of poor farm families in India.

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