



Research Article

PROMISING SCENARIO OF E-RETAILING OF AGRI INPUTS IN INDIA

PATEL K.N.* AND THAKKAR M.G.

ASPEE Agribusiness Management Institute, Navsari Agricultural University, Navsari, 396450, Gujarat, India

*Corresponding Author: Email - knpatel9420@gmail.com

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Abstract: Rightly acknowledged as the 'sunrise industry' in India, the agriculture and allied sectors in general and Agribusiness sector in particular, have witnessed phenomenal growth in recent years with active participation of Government, Private Players, Cooperative Giants and other agencies. Agri-inputs is one of the core segment of agribusiness sector. In this regard, this Conceptual Review Paper, utilizing the published theoretical literature analyzed with a practical orientation, discusses the need, relevance, significance, guiding principles and the resultant multitude benefits of emerging scenario of e-Retailing of agri-inputs in the light of changing landscape of Indian agriculture. This paper reviews the literature that explicitly addresses the adoption of Internet technologies by agri-input retailers and farmers for selling and buying of agri-inputs. It presents a holistic and critical review of the early predictions with regard to the importance of agri-inputs for Indian agriculture, evolution of agri-input marketing, emergence of e-Retailing, SWOT analysis of e-Retailing and explore the possibilities where e-Retailing of agri inputs may be heading in the future. This can help the agri-input dealers and retailers to develop proper e-Retail strategy for selling agri inputs by understanding farmers' perception and buying behaviour for agri inputs and fulfil their needs effectively and efficiently.

Keywords: Agribusiness, Agriculture, Agri Inputs, E-Commerce, e-Retailing, Sunrise Industry

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Introduction

Agriculture has been the backbone of the India's economic system. It is the main source of economic livelihood for the majority of population of our country. Serving as the strongest pillar of our economy since times immemorial, Agriculture has been the main-stay of more than two third of our population, providing livelihood to nearly 60% of our country people. But we are living in the age of discontinuity. So, the business scenario across the world is undergoing a sea change. The trend of modernization of industries across all spheres has set-in, the market horizons have stretched across the globe and the bases of competition have also changed. The agriculture sector is also a part and parcel of this. Agriculture has long been seen as a sector with tremendous potential in India. With the passage of time, from the infancy stage of merely subsistence farming; the agriculture sector has matured in the form of business venture. This is probably due to factors including rapid economic growth in both developing and developed countries, introduction of new technologies, market expansion, market liberalization, increased demand for food, decreasing farming population as result of urbanization, liberalized and open economic policies, bilateral and multilateral economic agreements, developed infrastructure facilities in farming areas and government agricultural policies.

With increased opportunities and consequent competitive scenario in this open economy, agriculture sector has the power and potential of not only ensuring livelihood security to our countrymen; but also to provide employment opportunities to millions of people and thereby improve their standard of living in general.

Rightly acknowledged as the 'sunrise industry' in India, the agriculture and allied sectors in general and Agribusiness sector in particular, have witnessed phenomenal growth in recent years with active participation of Government, Private Players, Cooperative Giants and other agencies. The process of fueling this growth engine of our economy has picked up momentum; as rapid economic growth and very aggressive and forward looking technological advancement in agriculture sector is bringing about change at an unprecedented rate. With proper planning, India can certainly transcend new heights in terms of becoming the proud food basket of the world.

To reap the advantages of such a favorable situation, the agriculture and allied activities need to be managed with a systematic approach, as globalization has not only opened opportunities; but also put a lot of pressures with increasing complexity. Today's knowledge is becoming obsolete tomorrow. Hence, to remain vibrant in the post-liberalized global market driven economy, there is an urgent need to give a facelift to our agriculture from a tradition-bound subsistence oriented farming system to commercial market driven techno savvy production with emphasis on value addition, quality, efficiency and export orientation [1].

Hence, the focus of the current agricultural policy of the country is to increase agricultural productivity by emphasizing on these factors. This will not only help in reducing poverty in the country but will augment our efforts for sustaining employment in this much needed sector. In this regard, the emerging landscape of agribusiness sector is expected to be the foremost player in the next decade. Agribusiness sector consists of businesses that supply farm inputs such as fertilizers, pesticides, farm machineries, etc. as well as sales and distribution of farm produces and related services. Agri-inputs is one of the core segments of agribusiness sector. Agri-inputs and related services are the basic requirements for agricultural sector. Raising the productivity of crops, vegetables, and livestock depends on the quality farm inputs and services.

The need and significance of an efficient delivery system for agricultural inputs and services for boosting agricultural productivity is well proven. But, ironically, farmers and Agri-input dealers are facing difficulties in accessing and supplying the agricultural inputs respectively. The constraint faced by farmers in accessing the farm inputs are mainly attributed to poor distribution system in country. As it is evident from experience that the timely availability of farm inputs and service is of paramount importance for higher agricultural growth and welfare of farming community [2].

The backbone of any agricultural revolution is access of farmers to modern agricultural inputs [3]. But, as Singh (2016) [4] pointed out, lack of availability of major consumable inputs in adequate quantity on time, reliable quality particularly in seed and crop protection products and feed are some of the major constraints.

Table-1 Agri Input Industry in India

Input	Unit	2017-2018	2018-2019	2019-2020
1. Seed				
Production of Breeder seeds	Thousand Qtls.	105.08	104.26	92.7
Production of Foundation seeds	Lakh Qtls.	19.54	18.00	22.25
Distribution of Certified seeds	Lakh Qtls.	352.01	320.41	383.72
2. Consumption of Chemical Fertilizers				
Nitrogenous(N)	Lakh Tonnes	169.58	176.28	191.00
Phosphatic (P)	Lakh Tonnes	68.54	69.68	76.62
Potassic (K)	Lakh Tonnes	27.79	27.79	26.07
Total (N+P+K)	Lakh Tonnes	265.91	273.75	293.69
3. Consumption of Pesticide				
Pesticide (Technical Grade Material)	Thousand Tonnes	63.41	59.67	61.70

The ever-changing market environment in which agricultural input suppliers operate include factors such as developing customer base resulting from structural change in the agricultural sector, continued consolidation within the agricultural input supply sector, and rapid technological advancements that allow for the frequent introduction of new products/techniques each year [5].

The successful of internet Information and Communication Technology (ICT) together with Internet is making it possible to share vast amount of knowledge and information and is driving all round socio-economic changes and growth. There has been a tremendous rise in the Global internet usage and for a developing country like India this growth has been phenomenal. In the world, India is the third largest base with internet users of around 120 million.

The e-Commerce sector has seen unprecedented growth in India. The growth was driven by rapid technology adoption led by the increasing use of devices such as smart phones and tablets, and access to the internet through broadband, 3G, etc. which led to an increased online customer base. By 1999, most agricultural input firms used company Web sites and adopted some type of Internet strategy. However, far fewer engaged in e-commerce with most activity occurring with suppliers rather than with end customers. Firms perceiving greater logistics and inventory management gains were more engaged in e-Commerce activity. The ease of information access, more product choices, easier product comparisons, and improved buying convenience were expected to support farmer e-Commerce adoption [6].

In today's era of Internet technology, most of agri-input firms are adopting e-Retail strategies as farmers are using smart phones and awareness of e-Purchasing of agri-inputs is increasing day by day in India.

Size Of Agri-Input Industry in India

The size of agri-input industry in term of major three components viz. seed, chemical fertilizer and pesticide is shown in [Table-1]. for the period of 2017 to 2020 [7].

Evolution of Agricultural Input Marketing

If we trace back the historical evolution of agricultural input marketing, we can come across the following distinct phases:

Phase-I

During this 1st Phase which was infancy period for this sector from independence to the mid-60s; food grains, industrial inputs, cotton, oilseeds, sugarcane, etc. remained the major focal areas. Accordingly, the agricultural input suppliers focused more on marketing of fertilizers, seeds, pesticides, etc. The artisans like blacksmiths, carpenters, cobblers & pot makers in rural areas who are supplying bamboo baskets, ropes, window & door frames, tools like ploughs, etc. were given secondary importance. Apparently, there was no market for heavy capital agri inputs like tractors, harvesters, threshers, pump sets, etc.

Phase-II

During this largely celebrated Green Revolution period from Mid-60s to Mid-90s; the introduction of scientific farming practices even in remote interior places could largely bring transformation of villages into booming centers of ample business opportunities. Consequently, demand for agricultural inputs increased many fold. Better irrigation facilities, soil testing, use of high yield variety of seeds, fertilizers, pesticides, and use of farm machinery like power tills, harvesters, threshers, etc.

helped to elevate the rural agriculture picture. Marketing of agricultural inputs also started gaining prominence.

Phase-III

During this phase of rapid transformation of Indian economy from Mid-90s to 20th Century; marketing of household consumables and durables started getting increasing attention. Earlier, the rural market for the products from the urban areas was not large enough, as these markets were remote, spread across distant areas; consequently, making it difficult and expensive to reach and serve.

Phase-IV

This is considered to be the real developmental phase of agricultural input marketing – the 21st Century. Here, the main focus was on enhancement of quality of life by satisfying the needs and wants of customers. It tried to offer a broad and integrated solution which involved a set of interconnected products & services. Faster development in rural areas, tied with increase in purchasing power because of scientific farming, changing lifestyle and consumption patterns, increase in education, social mobility, improved means of transportation & communications and other infiltrations of mass media like TV and its various satellite channels exposed rural India to outside world and consequently their outlook to life also underwent a drastic change. As senapati (2014) rightly remarked that the focus got shifted to integrate rural population to the national mainstream and growth.

Emergence of E-Retailing

Serious attempts to trade on-line started to emerge in the mid-1990s when innovative, technically savvy companies responded to the opportunities and challenges posed by the Internet, to develop sophisticated web-sites to serve customers, in their homes [8]. It is now widely recognised that the Internet's power, scope and interactivity provide retailers with the potential to transform their customers' shopping experience [9,10]; and in so doing, strengthen their own competitive positions [11]. The Internet's capacity to provide information, facilitate two-way communication with customers, collect market research data, promote goods and services and ultimately to support the online ordering of merchandise, provides retailers with an extremely rich and flexible new channel [12]. In doing so, the Internet gives retailers a mechanism for broadening target markets, improving customer communications, extending product lines, improving cost efficiency, enhancing customer relationships and delivering customised offers [13]. By and large, consumers have responded enthusiastically to these innovations [14]; and on-line retail sales have grown significantly over the past fifteen years, and are predicted to continue rising into the future [15].

SWOT Analysis of E-Retailing

Yadav and Sharma (2014) [16] and later on Khan and Sagar (2015) [17] have comprehensively described the Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis of e-Retailing in their researches. This is presented here:

Strengths

1. Exchange through web is efficient and fast.
2. 24x7 accessibility.

3. Consumers can look at cost and other information effectively.
4. Allows choosing from wide range of products and services.
5. Target market segment in internet business is adaptable and can be altered whenever.
6. Products and services are served, can be made accessible without putting some exceptional endeavors by the purchaser.
7. Discounts and offers attract mass consumers from diverse age and segment of consumers.

Weaknesses

1. Data Security is a big challenge that may impact online market.
2. Emergence Fake websites.
3. Lack of physical examination of products.
4. Creating customer's satisfaction is a big challenge.
5. Chance of misuse of financial and personal data.
6. Shipping cost increases on the basis of product and distance.
7. Delivery time can be in days or weeks.
8. Wrong product delivery or delivery of damaged product may occur.

Opportunities

1. Internet penetration is increasing which results in increase in number of purchases over online services.
2. Online retail market can be accessible anywhere and anytime.
3. Online retail is quick and compelling even in respect to budgetary exchanges as they can be accessed from anywhere in the world. Future and new age consumers feel more satisfied to purchase items through web.
4. High availability, which is 24x7 days.
5. Online retailing has broader vision and wider scope to flourish and grow in the volatile market.
6. Online retailing is a new and still juvenile entity in the developing nations.
7. Diverse payment options.

Threats

1. Local competition and global competition in the online retail market as many new startups and online retailers have come up. Even bigger brands have nowadays adhered to online accessibility of shopping products.
2. Changing rules and regulations of business environment pose a challenge to e-Retailers.
3. Customers not only look for innovative products and budget but also for effective and efficient products.
4. No direct interaction between customer and the seller and no scope of bargaining.
5. Transaction may exhibit fraudulence by both the seller and purchaser.
6. Many consumers review and rate products and services provided by online retailers, the credibility of the reviewers might be questionable.

Future of E-Retailing of Agri-Inputs in India

An increasing number of agribusinesses are looking to the Internet as a marketing, management, service, and coordination tool. As a business tool, the Internet has proven to be an enamoring concept for many individuals and corporations. Online presence is increasingly seen as an indispensable ingredient for business existence, survival and growth. The strategic goals of businesses became garnering more customers, increasing public awareness and building public image of the company and its products, promoting strategic or policy-related positions, and selling more products.

There are several myths and opinions regarding the potential of doing business over the Internet. Yet, confusion abounds concerning exactly what is happening, how much potential exists, and what businesses should be doing to take advantage of it. The very nature of e-Business can be confusing, even to the experienced marketer. The current business environment in India has the potential to enhance the growth of the online retail in India [18]. Both agri-input suppliers and farmers perceive many obstacles to successful e-Retailing of agri-inputs. In order to successfully cultivate e-Retail market share, agri input companies are

compelled to design e-Retail strategies specifically for farmers and in relation to future Internet economy.

Conclusion

Having reviewed rich and varied earlier researches about e-Retailing, it is interesting to appraise the future of e-Retailing as emerging marketing tool, from the both agri-input retailers' and the farmers' perspectives. Starting with the retailers, it may be very good market opportunities for them if they prepare proper farmer friendly e-Retail strategy for selling agri inputs. However, there are still many significant challenges that they need to overcome. All agri-input retailers will need to develop strategies for responding to enhanced farmers power, possibly with initiatives such as marketing via social networking sites, growing their brand, differentiating their product offerings and working hard to ensure that their websites provide farmers with an enjoyable and reliable agri input shopping experience.

From the farmers' perspective, awareness about e-Retailing of agri inputs is very less among farmers. Farmers have started to use smart phones and internet services but they are not yet aware about the strength of this technology and how they can use such technologies for their agricultural purpose. Progressive farmers are always an exception to this general rule. But they are still in minority in terms of numbers. People of new generation are very techno friendly and when they will do farming, they will prefer smart-work rather than hard-work. They will use such digital technologies and digital services very effectively for farming purpose. They wouldn't waste their valuable time for purchasing agri-inputs for their farm by physically visiting the dealer or retailer. They want it by single phone call or by single click and that time would be golden era for e-Retailing of agri inputs in India.

Application of research: Study of e-retailing of agri inputs in India

Research Category: Agribusiness Management

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