

# Recent Trends and Challenges of Rural Marketing: Reflections from Assam

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**Abstract**—Assam economy is predominantly an agrarian economy where more than 52% of total workforces are engaged in various agricultural activities. The rural markets have been an integral part of rural economy not only in Assam but all over India. The rural marketing system of Assam operates under pressure in terms of infrastructure, service and facilities, introduction by innovations, new technologies etc. Though rural agricultural marketing system is unorganized in Assam, it serves as a tool for socio-cultural and economic exchanges in the villages. From past, the rural markets have been showing immense significance in improving the village economy, for raising living standard of rural people and achieving sustainable rural development. In Assam, the rural marketing strategy can act as a stimulus for increasing agricultural productivity, income of the farmers and to satisfy needs of the buyers in a sustainable way. But unfortunately marketing of agricultural commodities in Assam is dominated by private traders because of the absence of the proper implementation of Market Regulation Act. The purpose of the present study is to gain insight into the recent developments in agricultural marketing system in Assam. In addition, it will also focus on various challenges of rural marketing system in this region at the present time.

**Keywords:** Assam, rural marketing, economic exchanges, sustainable rural development, challenges of rural marketing.

## 1. Introduction

From ancient time the economy of Assam is based on agriculture. Agriculture has been forming back bone to the economy of Assam and provided livelihood to more than two-third of state's population. Of the total population near 86% of the population living in 26,247 villages in Assam comprising 77,668 sq.km. Since a significantly huge number of populations living in villages related with agriculture sector, therefore rural marketing of Assam mostly based on agricultural commodities, even sometimes it is considered as the agricultural market despite of rural market. Rural marketing refers to the activities undertaken by the marketers to encourage the people, living in rural areas to convert their purchasing power into an effective demand for the goods and services and making these available in the rural areas, with the intentions to improve the standard of living. The rural marketing system improves the rural infrastructure, income of the rural people and most importantly can easily access needed

standard goods and services at fair prices. The rural markets in Assam offers a huge potential to the business houses because of their enormous spread and rising consumer demand. The size of rural markets, demographic profile of the rural market and market volume gives a board mental picture of the rural market in Assam. The rural marketing system in Assam operates with Haats and Regulated markets are the two major channels existing for agricultural commodities. Through the rural agro-based marketing system of Assam, farm household can integrated with different markets and produced various agricultural commodities for commercial purpose rather than family use. Though more than 80% of people of Assam explore rural markets but it operates under pressure in terms of infrastructure, service and facilities, introduction by innovation, new technologies etc. Although rural marketing system of Assam exhibits an important place to fulfill the needs of rural people but it is not orderly and perfect, it is collusive, exploitative and inefficient operating with high profit margin.

## 2. Objective

- I. To analyze the importance of rural marketing for sustainable rural development.
- II. To study the present state of rural marketing in Assam.
- III. To identify the challenges of rural marketing in Assam.

## 3. Methodology

The present study is purely based on secondary data. For carrying out present study, necessary data were collected from journal articles, websites, publications of government and nongovernmental organizations etc.

## 4. Discussion

### 4.1 Rural Marketing: a pathway for sustainable rural development

In earlier times, villagers are self-sufficient in the sense that they consume the food and other commodities which were produced by them. But with the passage of time, demand for existing commodities increased due to increased population and demand diverted to other channels. In such a situation,

village trading or rural marketing became popular. In this sense rural marketing refers to assessing, stimulating, and converting purchasing power into effective demand for the agricultural products produced in villages. When rural markets expand, it helps in production of those products which cater to the need of people. For expansion of rural markets, communication, transportation and other socio-economic infrastructure facilities by government are needed. Such facilities can generate and improve new ideas of farming and marketing with high levels of production and productivity. In Assam, agricultural marketing especially rural marketing plays a vital role in developing the village economy. It can be regarded as a roadway to sustainable rural development. It is because, it can make quality of living better for rural people by providing them livelihood and essential consumer goods without doing substantial harm to natural resources and enable the village community to recover from various economic and non-economic shocks. In the villages of Assam, there are abundant human and non-human resources which can be developed. By efficiently utilizing available resources, sufficient earnings can be generated by rural people who can make the sustainable rural development process more inclusive. Once people are aware of utilization of locally available resources, capacity creation of people and utilization of such human and natural resources will benefit the rural economy. In the present era of globalization and privatization, rural marketing offer the village economy to explore the untapped potential of integrating the traditional and modern knowledge.

#### 4.2 Present status and changing scenario of rural marketing in Assam:

It is estimated that there are around 47000 haats in India out of which 75% are held once a week, 20% twice a week and 5% are daily markets. Majority of the rural markets are unregulated which are managed by Anchalik Parishad.

Assam is basically an agricultural state where the agriculture sector plays an important role in providing livelihood to the majority of people. Directly or indirectly the agriculture sector supports around 75% of population of Assam. It also employs about 53% of workforce. But the achieved growth of agriculture sector in Assam is far behind than the desired level of growth. Borah and Kakaty (2011) emphasized that the increase in agricultural production is contributing to the increasing importance of rural marketing not only in Assam but also all over the rural counterparts of the nation.

From another point of view, the agricultural marketing infrastructure is important. The market infrastructure provides basic facilities to sellers and buyers to maintain regularity in marketing by providing a better place to negotiate, to store commodities and to sell some specific commodities.

**Table 1: Market infrastructure developed**

Market Infrastructure	No.
Cold storage	4
Wholesale market developed	43
Organic market	1
Sale counter	11
Drying platform	33

Source- Economic survey Assam, 2017-18

The market infrastructure facilities are improved by state government in Assam. At present there are a number of cold storages, wholesale markets and sale counter in Assam but it lagged behind the desired quantity from the perspective of agricultural development .(Table-1)

Rural marketing in Assam generally perform three function-selling of local produce within the area, assembling of local produce for selling to others, retailing of wholesalers from producers to local areas. In Assam, there are 1273 rural markets comprising of both primary and secondary markets. Rural primary markets are the oldest village trading institutions trade in consumer goods and surplus agricultural output. On the other side, rural secondary markets cater to the distant demand.

In 2006, Assam Agricultural Produce Market Act.(APMC) 1972 was amended and agricultural market system was brought into a framework. In that sphere or framework, there was provision for private marketing, direct marketing, consumer farmers market and contract farming. The Private Public Partnership (PPP) concept was brought under the agricultural marketing sector by that initiative. On the other hand, the contract farming is widely popular in case of potato, zinger, flowers etc. Now, around 1500 hectare area is covered with horticulture crops benefiting about 3000 farmers. In this way, contract farming providing a new way to agricultural marketing strategy in the villages of Assam. Direct marketing is another innovation in this aspect. In direct marketing, Output sold to the final buyers without any middlemen. It enables producer and bulk buyers to reduce transportation cost, cost of middleman and improve price rationalization.

#### 4.3 Challenges of Rural Marketing in Assam

In the traditional rural marketing system, large number of intermediaries is involved. Those intermediaries consolidate output at village markets and reconsolidate at least 2-3 times before reaching final consumers. Thus, supply chain in traditional rural markets is quite long and dominated by the traders who operate at high margins without improper value addition. Therefore, adequate state regulation for protection of farmers and consumers from exploitation of intermediaries is much needed to ensure better price and timely payments. Besides, the cooperate network of rural marketing in Assam is very weak and does not undertake procurement of agricultural produce. The farmers can sell a small amount of their produce through the network of regulated markets in some places of the state. A large variety of food grains, oilseeds cash crops

and fruits and vegetables are sold in the rural unorganized markets held in the villages at regular intervals in the state. The middlemen and private traders largely dominate these markets. Due to the absence of proper implementation of market regulation act. The rural marketing system of Assam often dominated by private traders. Moreover, the public sector organizations operate the village markets had little perception for enhancing proper marketing system for produced transacted in the market.

### 5. Conclusion

In Assam the no. of villages is more than that of towns which implies that the number villages or locations that are to be served is 210 times that of the urban markets as the number of urban locations or towns are only 125. This significant amount of rural areas raised the rural markets in Assam and dominated the marketing system of the state entirely. Most of the exportable commodities of the state are found these rural markets and contributed to the state gross domestic product highly. Despite of its huge contributions the rural market is traditional in nature and many times the farmers are at disadvantage in striking the bargain due to various economic reasons. Of these, crop contract binding, indebtedness, need for cash, lack of adequate infrastructure are some of the major reasons of distress sales in the rural markets. The need is for government to regulate the markets to raising marketing efficiency and cutting down large chains of intermediaries.

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