

ISSUES RELATED TO HORTICULTURE MARKETING AND TRADE

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ABSTRACT

This paper discuss about the horticulture and issues related to marketing and trade in Nepalese context. According to Wikipedia, 2015; Horticulture is the branch of agriculture that deals with the art, science, technology and business of vegetable garden plant growing. It includes the cultivation of cultivate plant, fruits, vegetables, nuts, seeds, herbs, sprouts, mushrooms, algae, flowers, seaweeds and non-food crops such as grass and ornamental trees and plants. It also includes plant conservation, landscape restoration, landscape and garden design, construction, and maintenance, and arboriculture. Inside agriculture, horticulture contrasts with extensive field farming as well as animal husbandry. Likewise, USDA defined Horticulture as that branch of agriculture concerned with growing plants that are used by people for food, for medicinal purposes, and for aesthetic gratification. Horticulture is divided into specializations.

INTRODUCTION

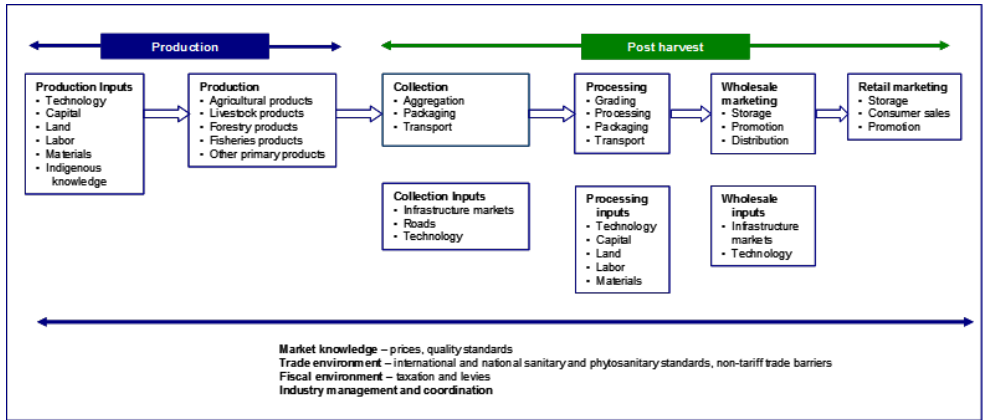
On the other hand, the term marketing has evolved over time; today marketing is based around providing continual benefits to the customer following a transactional exchange. The Chartered Institute of Marketing defined marketing as ‘The management process responsible for identifying, anticipating and satisfying customer requirements profitably’. In addition, marketing requires co-ordination, planning, implementation of campaigns and employees with the appropriate skills to ensure marketing success. Marketing objectives, goals and targets have to be monitored and met, competitor strategies analyzed, anticipated and exceeded. Through effective use of market and marketing research an organization should be able to identify the needs and wants of the customer and try to deliver benefits that will enhance or add to the customers lifestyle, while at the same time ensuring that the satisfaction of these needs results in a healthy turnover for the organization. Meanwhile,

trade covers the domestic as well as international markets. Trade is the part of the market but in general it denotes the international marketing with tariff.

EXISTING MARKETING SYSTEM IN NEPAL

In Nepal, existing market infrastructure consists of a series of market sites from collection point to wholesale mostly with limited facilities and basic hygiene conditions. Collection centre are typically located at small town situated on the roadside where a number of small traders have set up simple warehouses for both distribution of consumer products and collection of produce. Farmers transport small quantities of produce by whatever means available. Produce is aggregated by the trader and transported to larger markets and buyers when conditions permit. Such facilities are suitable for non-perishable items (e.g. rice and other food crops) but increasing volumes of fresh vegetables more timely market system. The mandi is a wholesale market typically located in a larger urban centre where its main function is as a breakdown and distribution centre for consumer commodities. Usually land is allocated by the municipal authority and basic facilities constructed by traders. The largest wholesale markets are located in Kathmandu, like Kalimati Fruits and Vegetable Development Committee under the Ministry of Agricultural Development and Balkhu Fruits and Vegetable market from private sector. The following Figure 1 explains the existing marketing value chain channel of horticultural and other food crops in Nepal.

Figure 1: Generic Horticultural Production Supply Chain Systems in Nepal



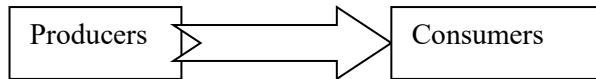
Adopted: ANZDEC Limited, 2007 and Pandey, 2010

A horticulture marketing channel is a set of practices or activities necessary to transfer the ownership of goods, and to move goods, from the point of production to the point of consumption and, as such, which consists of all the institutions and all the marketing activities in the marketing process.

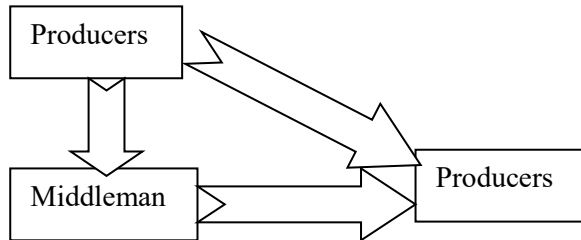
An alternative term is distribution channel or ‘route-to-market’. It is a ‘path’ or ‘pipeline’ through which goods and services flow in one direction (from vendor to the consumer), and the payments generated by them flow in the opposite direction (from consumer to the vendor). A marketing channel can be as short as being direct from the vendor to the consumer or may include several inter-connected (usually independent but mutually dependent) intermediaries such as wholesalers, distributors, agents, retailers. Each intermediary receives the item at one pricing point and moves it to the next higher pricing point until it reaches the final buyer. Figure 2 explains the genesis of horticultural marketing in Nepal. In the years of 1987s, which also called as first stage, in which the marketing system was very immature and producers directly sell to the consumers. After 1995s, the introduction of middleman in horticultural and other marketing, where dual systems of marketing channels are

exist and the producers can be sold either direct to the consumer or through middleman. In third stage (year 1998s), the farmers groups were established and they production as well as marketing activities have been done. In this stage, the individual producers sell to the products to the farmer's groups and through farmers groups the production will be handover to the retailers and finally to the consumers. Likewise, in fourth stage the producers' product collects either by the middleman or farmer's cooperatives. After collection the horticultural products they sell to the retailers and finally to the consumers. This stage is prevails in horticultural marketing in Nepal so far. In these years, cooperative marketing is more priority for government provided subsidy and supports.

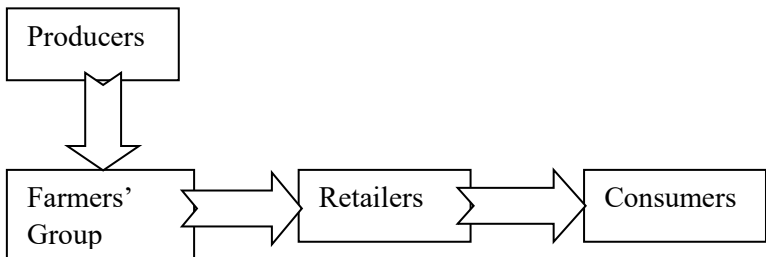
First Stage (1987)



Second Stage (1995)



Third Stage (1998)



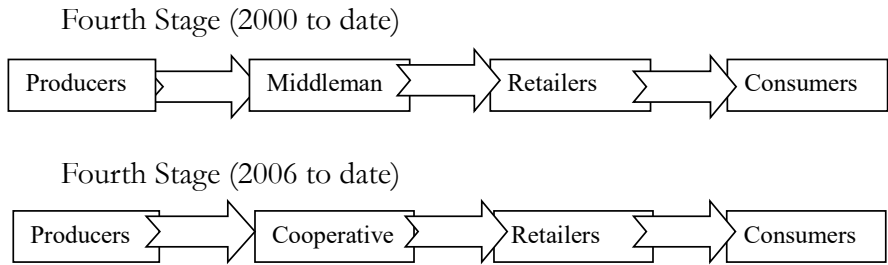


Figure 2: Marketing channel Genesis of off season vegetable in Nepal

MARKET INFORMATION SYSTEM IN HORTICULTURE VALUE CHAIN

Market information systems (otherwise known as market intelligence systems, market information services, or MIS) are planned system of collecting, processing, storing and disseminating data in the form of information needed to carry out the functions of management in horticultural marketing. The horticultural market information may relate to product place, price, promotion etc. Likewise, for the Agricultural marketing, Agriculture Market Information System (AMIS) used in gathering, analyzing and disseminating information about prices and other information relevant to farmers, animal husbandry, traders, processors and others involved in handling agricultural products. Figure 3 explains the flow daigram of existing horticultural market information system and subsystem.

In horticultural marketing in Nepal, Marketing Information System play the key factors to disseminate the information of markets, such as Kalimati fruit and vegetable committee that allows broadcasting wholesale price each day through radio Nepal or television. Likewise some of the FM broadcast price daily and The Kathmandu post or Himalayan times also publish price news daily. The AEC/FNCCI in close support of donor agencies has developed website www.agripricenepal.com where beneficiaries get daily wholesale price. The firm chooses the product, performs distribution function, carries out promotional measures, and lastly the form uses the pricing mechanism. These four elements

constitute the marketing mix of the firm and shortly called: Product, Place (distribution), Price and Promotion or 4P and are considered as controllable variables of marketing where the choice of the manager is free.

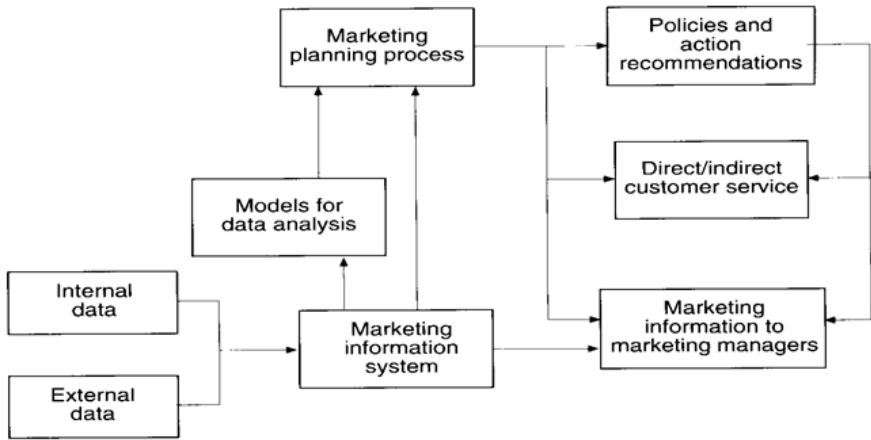


Figure 3: Marketing information systems and its subsystems

Marketing Information System (MIS) can offer critical services for the success of small and big entrepreneurs engaged in the collection, production, processing and trade of agricultural products. The MIS promotes market transparency and good value chain governance and allows local communities benefit from natural products enterprises. It offers valuable information on product quality, price, legal procedures, market requirements and demand and supply situation. The MIS information allows local producers and collectors maintain the consistency of quality expected in the market and enhance their bargaining power as they sell their agricultural products (ANSAB, 2010).

Like, Agricultural marketing, horticulture marketing covers the services involved in moving the product from the farm to the consumer. Numerous interconnected activities are involved in doing this, such as planning production, growing and harvesting, grading, packing, transport, storage, agro- and food processing, distribution, advertising and sale. However, in Nepal, there is very weak interconnection between harvesting

to sale activities. Due to very few processing industries of horticultural crops, farmers are reluctant and unsecure for the fruits and vegetable crops.

Table No. 1: Exports and Import scenario of Horticultural crops in F.Y. 2013/2014

Export Chapters (HS Codes)	Description, Commodities	Export Values (Rs.)	Import Values (Rs.)
Chapter 06 (06011000-06042000)	Live trees and other plants: bulbs, roots and the like: cut flowers and ornamental foliage	8,453,292	82,140,624
Chapter 07 (07011000-07139000)	Edible vegetables and certain roots and tubers	2,205,176,903	13,134,677,753
Chapter 08 (08012100-08140000)	Edible fruits and nuts: peel of citrus fruit or melons	4,161,032,798	12,180,582,679
Chapter 14 (14011000-14049090)	Vegetable plaiting materials: vegetable products not elsewhere specified or included	854,356,616	277,682,992
Chapter 20 (20011000-20099000)	Preparation of vegetables, fruits, nuts or other parts of plants	4,447,054,767	1,020,141,397
	Total	11,676,074,376	26,695,225,445

Source: TEPC, 2015

On the other hand, export and import scenario of horticultural crops (see Table 1) shows high differences between export and import trade. Most of the horticultural products are heavily exported from India and rest of the world. It is due to the weak Marketing Information system, lack of standard production for exportable market, lack of ware houses, processing industries, proper transportation facilities with packaging, distribution, advertising and sale policy.

MAJOR ISSUES/ PROBLEMS OF HORTICULTURAL MARKETING AND TRADE

An organized marketing system ensures better returns to the farmer. It also stabilizes the market prices. It protects the interest of both consumers and producers. However, in our case horticultural marketing is not well organized and farmers are facing many problems to sell their products. Considering these obstacles following are the pertinent issues for the horticultural marketing and trade in Nepal.

- Poor quality of Production because of lack of improved seeds and fertilizers. As a result, poor quality of production and low prices in the market. It is necessary for the orientation of good quality production, like production based on Good Agricultural Practices (GAP), Integrated Pest Management (IPM), etc.
- Lack of Transportation Facility is the main obstacle in the way of efficient horticultural marketing. The road condition of rural road network is very poor. Due to lack of road network and poor quality road, most of the horticultural products are wasted and could not fetch satisfactory price.
- The role of middleman should be re-oriented; they are taking big share of farmer's income without doing anything. It seems that, poor farmer borrows the money from them and sells his product at lower rates.
- In case of agricultural commodities the mixing of good and bad products is very common in Nepal, like other developing countries; India and Pakistan. There is no proper method of grading system, which creates a problem of marketing and erode high price in international market.
- The credit facilities are not adequate to meet the farmer's requirement. Recent Government initiation to provide agricultural loan at the rate of 6% also effectively implemented in rural areas. So that, poor farmer impel to borrow the money from private money lenders at high interest rate with tied conditions.
- The collection of product from small farmers is very expensive and a difficult process. It is a great problem for the efficient perishable horticultural marketing and trade.

- Poor ware house facility for the horticultural products is one of the main problem. Due to lack of storage facility farmers are impel to sell their products with low price. It should be provided by the government as well as private organizations, like FNCCI, CNI, etc.
- In Nepal, various parts of weighing and measuring instruments are not properly calibrated. Due to such problem, farmer suffers to get reasonable price and loss the money and time for buying and selling of his product.
- Most of horticultural farmers in Nepal are uneducated and they are very weak about the latest information technology and Market Information System. Thus, they are unable to achieve the real price of his product.
- For the international market, the products should be standard and harmonize with Sanitary and Phyto-sanitary (SPS) measures. In addition, horticultural entrepreneur and trader are facing Non tariff Barriers in different parts of the country.
- Like SPS problem, Technical Barrier to Trade (TBT) also one of the major problem for international standard calibration, packaging, trade mark, etc.

SUGGESTIONS AND RECOMMENDATIONS OF THE EFFICIENT HORTICULTURAL MARKETING AND TRADE IN NEPAL

- Based on the different studies and authors own experiences following would be the major suggestions and solutions for the efficient horticultural marketing and trade in Nepal.
- Consumer is the king in agribusiness, thus the purpose of the business is to create more customers so that the market need to consider willingness to pay (WTP) capacity of the customers. In this connection, there should be orientation of the consumers as well as product diversification.
- There should be integrated management action in horticultural products. All the different functions of the products must be tightly integrated with one another, keeping marketing as the pivot leaving a favourable impact on the consumer. All the quantity flow and

quality under control leaving within prescribed budget as a value chain system.

- The horticultural entrepreneur should take Consumer satisfaction as the prime objective. It leads to satisfaction of the consumer meeting his/her ends within the means of product.
- The government should emphasize the road facilities and rural areas should be linked with the markets/collection centres. It will enable the farmer to sell his/her product in the market directly in the hands of consumers.
- The government should increase the credit facilities to the small farmers. No doubt all the commercial banks are providing this facility to the farmers but still it is not sufficient and not easily access to the farmers and entrepreneurs.
- The government should provide loan for the ware house and develop improved warehouse with banking facilities. The government should also construct the multi-chamber cold storage to keep the stocks of various goods in Public private partnership approach.
- The government should improve the market system in the country. Market committee should be reorganized and Markets inspectors should regularly monitor the prices of agricultural products. The strict laws should be introduced and followed to the concern persons.
- The government should build the new markets near the producing centres, pocket package area, etc. It will enable the farmer to get proper price and reward. Such type of market facilities should be build with stakeholder participation from the beginning of the project.
- Market demand and supply condition can be provided to the framers through radio, T.V and newspaper. So, the government should pay special attention to the Agricultural Marketing information System.
- In horticultural products grading is very important. There are various agencies which are directly and indirectly involved in grading of the horticultural products. However, there is a need to re-organize and interlinked for effective of marketing system.
- The government should allocate a sufficient amount on marketing

research to make the horticultural marketing more effective and demand oriented.

CONCLUSION

Horticulture marketing and trade is the key issue for the effective entrepreneurship. Strong linkages and effective communication related to market information (prices and standards, supply and demand information) between stakeholders along the system is necessary for the marketing function efficiently. The primary mechanisms for enhancing marketing and value chain performance are by (i) reducing costs at any point along the value chain, (ii) differentiating products by making them uniquely attractive to the consumer, and (iii) introducing appropriate technology at any point in the value chain system (iv) improving the performance and collaboration between stakeholder organisations involved in the value chain. The overall business environment has been severely disrupted by an unstable peace and order situation, which has also hampered the ability of the government to deliver its development programs and necessary infrastructure investments and the confidence of the private sector to invest in processing and marketing facilities. The challenge for fruits and vegetable with other agriculture commercialisation in Nepal is therefore to create mechanisms for working with industry stakeholders to plan and manage the commercialisation processes by focussing on individual value chain systems and their linkages in marketing. Finally, it is most urgent need to materialize plan in action with our own situation.

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