



# Marketing Dimensions and Problems of Hybrid/HYV Seeds Companies in the Haveri District of Karnataka.

**Dr.R.C.Hiremath.** Assistant Professor,

Department of Economics, Nehru Arts, Science, Commerce College, and PG Department of Studies in Economics. Hubballi, Karnataka, India

## Abstract

The present study covers a wide spectrum of issues involved in the marketing of high yielding and hybrid seeds in the study area. The interrelated aspects of marketing of seeds have been performed by the farmers and the concerned seeds companies. The assured market and better price for the hybrid seeds were the compelling factors for starting the seed farming as asserted by all the farmers. The market is assured since the seeds companies enter into an agreement with the farmers for purchasing all their seed. Similarly price of the hybrid seeds is much better than the other seed. Hence price incentive has been another factor for inducing the seed farmers to go into the seed farming as an alternative to traditional agriculture. As per pre agreement of seed companies brought raw seeds from farmers. After buying raw seeds company following many marketing dimension in there level. This study has focused on the strides made in marketing of hybrid and high yielding varieties of seeds in Haveri district of Karnataka. The study has led to some significant findings and conclusions which have been summarized here to provide a brief comprehensive picture of the research findings on the subject.

**Key Words:** Hybrid seeds, Marketing dimension, & Quality stipulations.

## Introduction

The seed companies occupy a pivotal position in the production and marketing of hybrid and high yielding varieties of seeds in Haveri district of Karnataka. These seed companies have been the backbone of a large number of seed farms producing high quality seeds in this part of Karnataka and helping the seed farmers by providing technical financial and material assistance in their seed production operations. The marketing of hybrid seeds is insulated from the usual uncertainty of demand and frequency of price fluctuations. The seed farm producers have almost a sheltered market in view of the pre-arrangement of sales to the sponsoring seed companies who usually enter into an agreement with the seed farmers about the technical aspects of cultivation and processing of seeds as well as the purchase and price of the produce. The agreement of the seed farmers about the sale of their seeds to the seed company provides an example of a monopolistic market situation. Total numbers of national and multinational seed companies have been assisting marketing facilities. The present study provides a detailed analysis of the various activities of seed companies in the different areas of marketing of quality seeds. The different aspects of the involvement of the seed companies in this direction relate Marketing involvement of the seed companies and the marketing problems uncounted by these seed companies etc. The analysis provides a good backdrop for the subsequent analysis of the marketing dimensions of seed companies in the study area.

### The Centralisation of Seed Companies in the District

Natural factors and labour advantages have mainly prompted the seed companies in initiating seed farming in Haveri district of Karnataka. Good soil, climate and rainfall have been the major natural factors, which have been found advantages for the seed companies to start their activities in this area. Availability of cheap and skilled labour is an added advantage for these companies for promoting seed farming in district. The seed companies have been involved at each stage of production right from sowing till the farmers sell

the seeds to the company. The entire process of producing the seeds as per the quality stipulations and conforming to certain norms laid down by the company is subject to the supervision and regulation. The seed companies need the cooperation from the farmers in different stages of production viz. sowing use of fertilizers, pesticides, crossing, crop maintenance, and harvesting etc. The cooperation of the seed farmers is of much importance to the seed companies in producing quality seeds.

### **The Objectives of Study**

1. To appraise the financial, training and technical facilities provided by the seeds companies to the farmers.
2. To make an appraisal of the various marketing mix and marketing infrastructure for the marketing of seed companies.
3. To examine the important marketing functions of assembling, grading, branding, weighting, packing and transporting both at the companies' level.
4. To study the channel of distribution, financing of the marketing operations and other related marketing aspects germane to the research topic.
5. To analyse the pricing and the marketing costs and marketing problems at different levels.

### **Methodology of Data Collection**

The study is on marketing dimension of seed companies in the district of Haveri in Karnataka. The data collected from the primary and secondary sources has been processed and tabulated in scientifically prepared tables. The interpretation of the data has been accomplished using the simple qualitative statistical techniques and the necessary inferences have been drawn accordingly. Graphical representations based on the statistical data have been provided to focus on some of the important trends and economic parameters. The data has been interpreted and inferences have been drawn with relevant theoretical explanations wherever necessary.

### **Marketing Dimensions of Seed Companies**

The seed companies perform all the marketing functions once the seeds are purchased from the seed farmers. The seed farmer's involvement in marketing is limited. They are bound by their agreement with the seed companies to carry on their production of seeds as per the stipulations of the seed companies' technical advice and supervision and supply the entire seed to the sponsoring seed company itself. The further marketing functions of storing; sales organization, trading, advertising and pricing etc. are performed by the seed companies themselves. Here a detailed analysis of the various marketing functions of the seed companies covered by the study has been made. Assembling, Storing, Processing of Seeds, Grading of Seeds, Percentage of Rejection of Seeds through Grading, Impact of Grading of Seeds, Standardization and Quality Control, Sales Organization, Channel of Distribution, Export Sales of Seeds, Pricing, Price Competition, Marketing Finance, Transport, and Advertising of Seeds.

### **Marketing Problems of Seed Companies**

Major observations the seed companies have faced by them in their seed marketing operations.

#### **1. Inadequate demand due to entry of new seed companies.**

There has been a good influx of domestic and foreign seed companies in the domestic trade. This has resulted in diluting the demand for seeds for individual seed companies.

#### **2. Price competition from rival seed companies.**

The rival seed companies have been resorting to price reductions and thereby posing unfair competition in the seed market.

#### **3. Aggressive advertisements of rival seed companies.**

Rival seed companies have been engaged in excess advertisement and weaning away the seed buyers from other companies. This type of competition has resulted in raising the cost of advertisement of all seed companies.

#### **4. Quality competition from rival companies.**

Technical advantages in the production of high quality seeds of some seed companies is another marketing problems faced by some seed companies.

#### **5. High package costs**

Package cost of high quality seeds has gone up considerably. This has added to the overall rise in the marketing cost.

## 6. Severe competition in export market

International market in seeds is very competitive advanced countries of the west with their advanced technology and superior marketing skill pose a severe competition to seed companies from India and other developing countries.

## 7. Large quantity of unsold seed stock

Seed companies are faced with the problem of large quantity of unsold seed stock. This results in locking up of working capital and may also raise the carrying costs of inventory.

## 8. Shortage of qualified technical staff

This is another problem faced by seed companies. The employment in these companies is not found attractive by qualified agricultural scientists.

## 9. Power shortage for processing of seeds and for other purposes.

This general problem faced by all sectors of industry, agriculture and trade is equally severe for the seed industry.

## 10. The seed produce is “Too Good or Too Bad”

The seed companies have faced the problem of substandard quality seeds produced by the sponsored seed farmers. This has resulted in the rejection of a good quantity of seeds produced by seed farmers.

## 11. Poor Post harvest Infrastructure

The Poor Post Harvest Infrastructure like inadequate storage facilities, packaging inadequacies, transport bottlenecks, grading and other inadequacies have affected the seed companies.

## Major Observations of Study

The Study has following major observations

1. The total number of 40 seed companies is operating in the study area of 30 have their offices in Ranebennur city in the Haveri district and 8 in Haveri and 2 seed companies have their offices in other places in the district. Further 36 of the seed companies are private limited companies and 1 seed firm is organized under cooperative management. Majority of 31 seed companies are Indian while the remaining 9 are multinational companies. It is significant to note that 26 of these seed companies are export oriented while the rest of the 14 are domestic oriented.
2. The seed companies have employed a good number of office staff, field staff and temporary and casual workers in their establishments.
3. The seed companies assisted the seed farmers in the areas of supply of seeds, technical knowhow, provision of training, provision of fertilizers pesticides and working capital.
4. The help and assistance given by the seed companies has been useful in reducing cost, waste of resources, and in promoting better yield, better quality of seeds and raising their income etc. The seed farmers have been giving cooperation to the seed companies in all respects.
5. The choice of seed farms in the area by the seed companies was prompted by suitable soil, good rainfall, cheap and skilled labour etc. However there has been a reduction in the production of seeds due to lack of adequate demand severe competition from rival companies, reduction in land fertility etc.
6. Assembling and storing of seeds bought by the seed companies is done in special storehouses and cold storages. The seeds are stored after they are graded. Majority of the seed companies store seeds for 2 to 4 months before selling the same.
7. Maximum number of seed companies graded their seed through grading machine and the usual grade is ‘A’ and in some cases A and B grades are accepted. Grading standards are fixed by the seed companies themselves. Grading of seeds leads usually to a rejection of 1 to 10 percent of poor quality seeds. Grading helped in improving quality of seeds and graded seeds fetched better price.
8. Seeds produced in the area and marketed by the companies compared well and even better than the seeds of other companies. The seed companies aimed at better technical guidance to seed farmers and supply of better breeder seeds to them. They have stressed the need for better training of farmers in the cultivation processes and the need for using good inputs.
9. All the seed companies have branded their seeds and branding has helped them in more sales. Branding has helped them in building up good image in both domestic and export markets.
10. All the seed companies advertised their seeds and used print and electronic media. The annual cost of advertising for the seed companies ranged from Rs.50000 – 1 lakh to Rs.5 lakhs and more.
11. Seed companies had well organized sales departments for their sales management. Salesmen are given proper training. The channel of distribution of the seed companies consisted of own depots, agents, wholesale and retail merchants and salesmen selling directly.

12. Majority of seed companies exported their seeds and secured higher price the price on the domestic market.
13. The seed companies fix the price of the seed on the basis of the total cost plus a margin of profit, or according to the price fixed by their competitors. Price is fixed on the basis of market supply and demand considerations too. Price of seeds is changed frequently. The purchase price of seed is fixed by seed companies without involving seed farmers from whom these companies buy the seeds. Price competition from rival companies is intense. The seed prices have been upward revised moderately during the last five years.
14. The seed companies required transport facilities for dispatch of seed to buyers, for field supervision, to carry raw seed for processing etc. The annual cost of transporting ranged from Rs.1-2 lakhs to Rs.6 lakhs and more. The seed companies used tempos, trucks and tractors for transport purposes.
15. Major marketing problems of the seed companies relate to (1) quality of seed produced by seed farmers (2) Inadequate demand (3) Price competition from rival companies (4) Severe competition in export markets (5) Power shortage for processing (6) Poor post-harvest infrastructure (7) Shortage of qualified technical staff (8) Large quantity of unsold seed (9) Aggressive advertisement of rival seed companies (10) Superior quality of seed of rival companies (11) and High cost of packing etc.
16. The seed companies have planned some corrective measures to overcome marketing problem. They relate to improvement of quality of seed, reduction of production and marketing costs, effective advertisements, and use of economic packages providing better training to the staff, demand forecasting and improving of post-harvest infrastructure.

### **Suggestions and Recommendations of Study**

Following are some of the suggestions which would help in promoting a further thrust to the seed industry in the study area as well as country.

1. All the type of seeds companies should register in government related department and get licence for operating in the area.
2. There is an urgent need to develop efficient infrastructure for post-harvest operation facilities on large scale and processing technologies to meet growing requirements. It is necessary to develop pack houses and cool chain facilities from place of production to the final market destination. Production in large quantity in concentrated area needs to be developed to meet the export requirement.
3. Our national productivity for several commodities is less than world average. Hence there is need for raising the levels of productivity and quality standards to internationally competitive levels in seed industry. India is endowed with diverse climatic conditions for growing most of the hybrid vegetables throughout the year.
4. The scope for Indian seed quality standards on the one hand and the quality evaluation arrangements in seed testing laboratories on the other have to be enlarged to include seed vigour and to expand seed healthy aspects and lab level genetic purity.
5. India's membership in OECD and participation in the OECD seed schemes could help to improve the reputation for Indian seed in international market and simultaneously lend to upgrading the quality control procedures and standards in India.
6. Seed loses its vigour and viability during storage. The process of seed deterioration is hastened by higher ambient relative humidity (or seed moisture) and temperature by the presence of pathogens and insects.
7. The Seed Village Concept can be revived in the appropriate form to have larger involvement for meeting the large demand-supply deficit of quality seed requirement.
8. The seeds companies can adopt to same villages related to production of seeds it's creating healthy competition among seed companies.

### **Conclusion**

Assured market and better price for the hybrid seeds were the compelling factors for starting the seed farming in study area. The market is assured since the seeds companies enter into an agreement with the farmers for purchasing all their seed. Similarly price of the hybrid seeds is much better than the other seed. The seed companies have been involved at each stage of production right from sowing till the farmers sell the seeds to the company. The seed companies perform all the marketing functions once the seeds are purchased from the seed farmers. They are bound by their

agreement with the seed companies to carry on their production of seeds as per the stipulations of the seed companies. The further marketing functions of storing; sales organization, trading, advertising and pricing etc. are performed by the seed companies themselves. Here a detailed analysis of the various marketing dimensions and problems of the seed companies covered by the study and the need to pursue more research study on this field.

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