

Farmers' preferences for different brands and the challenges they have in finding high-quality tomato seeds: A review

Abstract

The dominance of tomato farming to understand farmers' purchasing habits, Farmers' brand preferences for various tomato seeds variables affecting tomato seed purchases, Name Farmers' shifting practices and the challenges they encounter in the Coimbatore district when marketing hybrid seeds and growing hybrid tomatoes. With the aid of a pre-tested interview plan, the key data needed for the study were gathered through in-person interviews. The Tamil Nadu government provided secondary data on agricultural and other information about the research area. The gathered primary and secondary data were tallied, processed, and then statistical analysis was performed. The farmers' degree of preference was measured using the multi-dimensional scaling technique. Farmers chose Syngenta, Rasi, Mahyco, Namdhari, and Indo American seed companies' brands, ease of availability, stress tolerance, and yield as their top four features. Stress endurance makes Namdhari and Indo American desirable. The reason for the large swings in the purchase of farmers' unstable brands is the inconsistent execution of promotional programs in addition to the poor performance of farmers' preferred qualities. In addition, each brand has a unique selling point concerning cob filling and yield (Syngenta), stress resistance (Rasi), faster germination and early emergence (Mahyco), etc., as well as the way dealers react to different marketing campaigns run by seed companies. In addition, hybrid seed variations in productivity are minimal, so farmers may choose to use different brands.

Keywords: Tomato seeds, Farmers Preference, Quality, Yield

Introduction

The banking sector is the most important segment of the financial system in developing countries like India. A well functioning and efficient financial system is important for promoting rapid industrial development in a market economy.

The provision of bank loan stimulates demand for industrial goods. The banking sector in India has remained regulated after nationalisation of the banks in 1969. It helped to provide an initiate thrust on the development of banking, especially in rural areas and increased access to credit to agriculture, small scale industries and weaker sections of the society. Finally, it directed to priority lending at concessional rate of interest to the most important segments of the society, accelerate demand for bank loan from potential borrowers. Thus the more efficient financial system of an economy, the higher would be the investment, output, employment and growth of the economy.

Banks play an important role in the modern economy by providing necessary credit to different sectors of the economy. In recent years, banks have been assigned the responsibility of financial inclusion otherwise called priority sectors. The word priority sector is used for those segments of the Indian economy, whose development is considered essential for the economic growth; without providing necessary assistance to these sectors, it will not be possible to accelerate the growth of the economy. In India, agriculture, small scale industries and exports are identified as the priority sectors. This lending implies priority in the allocation of funds at concessional rate of interest, margins etc., as units identified as priority sectors (Reddy, 2006).

Micro, Small and Medium Enterprise (MSME)

MSME plays a pivotal role in the economic and social development of the country. The MSME is a sector that nurtures entrepreneurship, often driven by individual creativity and innovation. This sector contributes eight per cent of the country's GDP, 45 per cent of the manufactured output and 40 per cent of exports. The MSMEs are providing employment to about 60 million persons through 26 million enterprises. The labour to capital ratio in MSMEs and the overall growth in the MSME sector is much higher than large scale industries. The geographic distribution of the MSMEs is also more even. Thus, MSMEs are important for the national objectives of growth with equity and inclusion.

The MSME sector in India is highly heterogeneous in nature in terms of the size of the enterprises, variety of products, services and the levels of technology. While one end of the MSME spectrum is highly innovative and high growth enterprises, more than

94 per cent of MSMEs are unregistered, with a large number of established enterprises in the informal or unorganised sector. Besides, the growth potential of the sector and its critical role in the manufacturing and value chains, heterogeneity and unorganised nature of the Indian MSMEs are important aspects that need to be factorised into policy making and programme implementation (Annual report of MSME, 2008-09).

The Indian MSME Sector: An Overview

As per the quick estimates of 4th All-India Census of MSMEs (2006-07), the number of enterprises was estimated to be about 26 million entrepreneurs, of this 1.5 million are in the registered segment and the remaining are in the unregistered segment. The state-wise distribution of MSMEs show that more than 55 per cent of these enterprises are in six states, viz., Uttar Pradesh, Maharashtra, Tamil Nadu, West Bengal, Andhra Pradesh and Karnataka. Further, about 7 per cent of MSMEs are owned by women and more than 94 per cent of the MSMEs are proprietorships or partnerships.

MSMEs in the country manufacture over 6,000 products. Some of the major sub-sectors in terms of manufacturing output are food products (18.97 per cent), textiles and readymade garments (14.05 per cent), basic metals (8.81 per cent) chemical and its products (7.55 per cent), metal products (7.52 per cent), machinery and equipments (6.35 per cent), transport equipments (4.5 per cent), rubber and plastic products (3.9 per cent), furniture (2.62 per cent), paper and paper products (2.03 per cent) and leather and leather products (1.98 per cent) (Report of Prime Minister's Task Force on Micro, Small and Medium enterprises, 2010).

In view of the MSME sector's role in the economic and social development of the country, the Government has emphasized importance on its growth and development. It has taken various initiatives from time to time which has facilitated the sector's growth. Some of the recent measures include enactment of the Micro, Small and Medium Enterprises Development Act, 2006, amendments to the Khadi and Village Industries Commission Act, and announcement of a package for promotion of Micro and Small Enterprises (MSEs). Government is also launching innovative schemes under National Manufacturing Competitiveness Programme (NMCP) and Prime Minister's Employment Generation Programme (PMEGP).

There are more than ten institutions in India which concentrates on MSMEs. Prominent among them are, The Small Industries Development Organization (SIDO), National Small Industries Corporation (NSIC), Export Promotion Authorities, Small Industries Development Bank of India (SIDBI), National Bank for Agriculture and Rural development (NABARD), State Infrastructure Corporation (SIC), Federation of Indian Chamber of Commerce and Industry (FICCI), Progress Harmony Development Chamber of Commerce and Industry (PHDCCI), Associated Chamber of Commerce and Industry of India (ASSOCHAM), Federation of Indian Exporters Organisation (FIEO), World Association for Small and Medium Enterprises (WASME), Federation of Associations of Small Industries of India (FASII), Consortium of Women Entrepreneurs of India (CWEI), Laghu Udyog Bharti (LUB), Indian Council of Small Industries (ICSI), Indian Institute of Entrepreneurship (IIE), National Institute of Small-Industry Extension Training (NISIET), National Backward Caste Finance Development Corporation, National Institute for Entrepreneurship and Small Business Development (NIESBUD), Small Entrepreneurs Promotion and Training Institute (SEPTI) (Ghatak, 2008).

Khadi and Village Industries Sector (KVI)

The khadi programme comprises of hand spun wool, hand woven cotton, muslin and silk varieties. The village industries programmes have been classified into seven broad groups. These are: Mineral Based Industry, Forest Based Industry, Agro Based and Food Processing Industry, Polymer and Chemical Based Industry, Rural Engineering and Biotechnology Industry, Hand Made Paper and Fibre Industry and Service Industry.

In khadi sector, two new schemes were launched. The first scheme namely 'work shed scheme for khadi artisans' provides assistance for construction of worksheds to ensure better work environment. This scheme enhances productivity and competitiveness of khadi industries and artisans to assist 200 khadi institutions to make the industry competitive, market driven and profit oriented through replacement of obsolete machinery and equipments. The other scheme was 'strengthening of infrastructure of existing weak khadi institutions and assistance for marketing infrastructure'. It envisages renovation of 30 selected khadi sales outlets and provides assistance towards

strengthening of infrastructure of 100 selected weak institutions (Annual report of MSME 2008-09).

All advances granted to units in the KVI sector, irrespective of their size of operations, location and amount of original investment in plant and machinery will be covered under priority sector advances and will be eligible for consideration under the sub-target (60 per cent) of the small enterprises segment within the priority sector (IOB bank circulars, 2009).

Table 1. Performance of KVI

S.No	Year	Production (Rs. Crore)	Sales (Rs. Crore)	Employment (Lakh persons)
1	2000-01	6923.26	7955.10	60.07
2	2001-02	7551.52	8901.74	62.64
3	2002-03	8569.37	10193.34	66.45
4	2003-04	9681.77	11575.21	71.19
5	2004-05	10920.43	13105.19	76.78
6	2005-06	12383.84	15276.02	82.77
7	2006-07	14028.71	17562.40	88.92
8	2007-08	16677.71	21543.48	99.27
9	2008-09	17338.87	22748.19	103.91

(Source: Ministry of Agro Rural Industries, Govt. of India, 2008-09)

MSMEs Performance

The Office of the District Centre (MSME) estimated the performance of MSME sector with respect to various parameters like total number of MSMEs, fixed investment, employment and export. The data is incorporated in the following Table 1.2.

Table 2. Performance of MSMEs

S.No	Year	Total MSMEs (Lakh Numbers)	Fixed Investment (Rs. Crore)	Employment (Lakh Persons)	Export (Rs. Crore)
1	1995-96	82.84	125750	197.93	36470

		(4.07)*	(1.58)	(3.42)	(25.46)
2	1996-97	86.21	130560	205.86	39248
		(4.07)	(3.82)	(4.00)	(7.62)
3	1997-98	89.71	133242	213.16	44442
		(4.07)	(2.05)	(3.55)	(13.23)
4	1998-99	93.36	135482	220.55	48979
		(4.07)	(1.68)	(3.46)	(10.21)
5	1999-00	97.15	139982	229.10	54200
		(4.07)	(3.32)	(3.88)	(10.66)
6	2000-01	101.1	146845	238.73	69797
		(4.07)	(4.90)	(4.21)	(28.78)
7	2001-02	105.21	154349	249.33	71244
		(4.07)	(5.11)	(4.44)	(2.07)
8	2002-03	109.49	162317	260.21	86013
		(4.07)	(5.16)	(4.36)	(20.73)
9	2003-04	113.95	170219	271.42	97644
		(4.07)	(4.87)	(4.31)	(13.52)
10	2004-05	118.59	178699	282.57	124417
		(4.07)	(4.98)	(4.11)	(27.42)
11	2005-06	123.42	188113	299.85	150242
		(4.07)	(5.27)	(4.44)	(20.76)
12	2006-07	128.44	213219	312.52	177600
		(4.07)	(8.68)	(4.23)	(24.54)

(* The figures in parenthesis are the per cent growth over the previous year).

(Source: "SSI Annual report for the year of 2008-2009", Ministry of Small Scale Industries, Government of India 2008-09).

Looking at the size and significance of MSME sector in Indian economy (Table 1.2), it is noted that as of 2007, there were a total of 128.44 lakhs of micro and small firms in India which was 82.84 lakhs in 1995-96. In the same way fixed investment, employment and export in MSMEs is increasing over the years. The number

of firms in the MSME sector comprises a staggering (95 per cent) of all industrial units in India. Together they employ more than eight per cent of the total Indian labour force of 509 million individuals. This amounts to a significant 41 million people who are currently employed in this sector. The MSME sector is a significant contributor to India's exports amounting to 40 per cent of the total share.

Table 3. Profile of firms in the SSI sector in India

S.No	Profile of Firms	Registered SSI	Unregistered SSI
1	Proprietary units (Percentage)	90.1	97.2
2	Per unit employment (Percentage)	4.6	2.1
3	Per unit fixed investment (Rs)	711,000	123,000
4	Employment generation per lakh Rs. of fixed investment	0.65	1.71
5	Units managed by women (Percentage)	11.08	10.66
6	Units managed by entrepreneurs from socially backward classes (Percentage)	51.45	55.62

(Source: "Final Results: Third All India Census of Small Scale Industries 2001-2002", Ministry of Small Scale Industries, Government of India, 2008-09)

While studying the MSME sector in India, it is also crucial to look into the health of firms because a significant number of firms both registered as well as the unregistered sectors are defined as 'sick'. Sickness is typically identified through yardstick such as

- a) Delay in repayment of loan over one year,
- b) Decline in net worth by 50 per cent and
- c) Decline in output in last three years.

All yardsticks combined reveal that about 14 per cent of all units in the SSI sector was identified to be either sick or incipient sick for 6.89 per cent of unregistered and 7.82 of registered units. There is widespread variation across states and maximum numbers of

sick units (60 per cent) are located in West Bengal, Kerala, Maharashtra, Karnataka and Andhra Pradesh.

Based on units having loan outstanding with institutional sources like banks and financial institutions, sickness is about 20 per cent in the registered SSI sector and 17 per cent in the case of unregistered SSI sector. In total, it is about 18 per cent. Incipient sickness identified in terms of continuous decline in gross output was 11.5 per cent in the registered sector and 7 per cent in the unregistered sector. The most commonly cited reasons were “lack of demand” and “shortage of working capital”. The disaggregated data on ‘health of units’ within the small-scale industries reveal that the stated causes of ‘sicknesses are very similar across registered and unregistered firms (Ravi, 2009).

Table 4. Sickness of units in the SSI sector in India

S.No	Reasons for Sickness	Registered SSI (Percentage)	Unregistered SSI (Percentage)
1	Lack of demand for finished goods	71.6	84.1
2	Shortage of working capital	48.0	47.1
3	Marketing problems	44.5	41.2
4	Power shortage	21.4	14.8
5	Non-availability of raw material	15.1	15.2
6	Equipment problems	10.6	12.9
7	Labour problems	7.4	5.1
8	Management problems	5.5	5.1

(Source: “Final Results: Third All India Census of Small Scale Industries 2001-2002”, Ministry of SSI 2004).

Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

Government of India is attaching great importance to this sector and taking various policy measures to enhance the flow of credit to MSME sector. To ensure

systematic and smooth growth of the MSME sector, the Government of India enacted the Micro, Small and Medium Enterprises Development Act 2006. The act replaced the concept of tiny/small scale industries sector with the expanded Micro, Small and Medium Enterprises Sector which includes Micro, Small and Medium Manufacturing as well as Service Enterprises. MSMED Act was the product of a consultative process involving over 300 industrial associations, government bodies and multiple stakeholders across India. The act accomplishes many long standing goals of the government and stakeholders in the MSME sector (RBI circular, 2007).

Bank Finance to MSMEs

Credit is the lifeline of business, banks and non-bank financial institutions have started providing long and short term finances not only to large corporates, but also to various sectors of the MSMEs. In addition to project finance and long-term loans, banks are providing services, such as overdraft facilities, working capital finance, etc. Banks provide these facilities based on the firm's financial soundness, creditworthiness, cash flows of suppliers and buyers, their net worth and volume of business. As MSME plays vital role in the economic growth of a country, banks and non bank financial institutions assist them by providing various kinds of finance such as term loan, working capital finance, project finance etc., (Seshasayee, 2006).

Priority Sector Lending

Credit to the small scale sector is ensured as part of the priority sector lending by banks. Banks are required to ensure that a definite percentage (currently 40 per cent) of their overall lending is made to priority sectors as per the mandate of the Government. These sectors include agriculture, small industries, export etc. The inclusion of small industries in this list makes them eligible for this earmarked credit.

Table 5. The Outstanding credit to the MSME sector

S.No	As on March 31	Public Sector (Rs. Crore)	Private Sector (Rs. Crore)	Foreign Banks (Rs. Crore)
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1	2007	1,02,550 (24.40)	13,136 (26.05)	11,637 (38.04)
2	2008	1,51,137 (47.38)	46,912 (257.12)	15,489 (33.10)
3	2009 P	1,91,307 (26.58)	47,916 (2.14)	18,138 (17.10)

P: Provisional.

Note: Figures in parenthesis indicate the percentage growth as compared to the previous year.

(Source: "Report on trend and progress of Banking in India", Reserve Bank of India (RBI), 2008-09).

The principal source of institutional credit of MSME sector is the public sector banks. Besides, credit is extended to this sector through the private sector banks (both new as well as old generation) and foreign banks operating in India.

Cotton hybrid seeds by the sample farmers. Results indicated that major constraints are poor quality of seeds, picking problem, increasing cost of cultivation, non availability of labour, soil and agro climatic conditions, not a stability price, not available on time and no credit facility. A link between a food hazards and consumer risk perception has been identified through these studies. Likewise, a link between consumer risk perception and purchase behaviour has also been confirmed by the perceived risk theory in the context of consumer purchase behaviour. A linkage among food hazards, risk perception and purchase behaviour however, remains unexplored at present.

Conclusion:

It is evident that the optimal labeling and packing, timely availability, extended credit terms, and larger dealers' margin are also significant, and that these might be the primary promotion-related considerations that must be made in order to achieve consistent performance. Important characteristics of dealers' preferences include farmers' preferences, company perceptions, and brand performance. They even significantly influenced the success of top brands. Increased use of promotional events, such as retailer meetings, ads, posters, and banners, will help to better promote the products. When

assessing the goods' potential in the specific field, free sample distribution have to be considered in addition to trials and demos. It has been demonstrated that the most important components that require reinforcement with sufficient funding are advertising campaigns and demonstrations; this is true despite dealer pressure, advice from other farmers, and historical data.

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