CHAPTER – I

INTRODUCTION

Title: “A Study of Export Marketing Management of Grapes with special reference to Nasik District”

1.1 INTRODUCTION:

Agriculture sector, the primary sector of Indian economy, employing nearly 70% of total work force has failed to generate more than 5% to GDP of the country. Since independence this sector was brought under five year plan programmes and each five year plan has established target growth in this sector but all the eleven five year plans have failed to achieve the targeted growth in this sector. There are big challenges before the 12th five year plan to build the agriculture sector into economical beneficial sector. Today if we look into the performance of agriculture and its allied activities the following data, shows a sick growth for 2007-08. Agriculture (including allied activities) accounted for 17.8 per cent of the Gross Domestic Product (GDP-at constant prices) in 2007-08 as compared to 21.7 per cent in 2003-04[1]. Notwithstanding the fact that the share of this sector in GDP has been declining over the years, its role remains critical as it accounts for about 52 per cent of the employment in the country. Apart from being the provider of food and fodder, its importance also stems from the raw materials that it provides to industry. The prosperity of the rural economy is also closely linked to agriculture and allied activities. Agricultural sector contributed 12.2 per cent of national exports in 2007-08. The rural sector (including agriculture) is being increasingly seen as a potential source of domestic demand; a recognition, that is shaping the marketing strategies of entrepreneurs wishing to widen the demand for goods and services.

With an average growth of over 4.9 per cent over three years (2005-06 to 2007-08), the agriculture sector (including allied activities) lent credible support to the overall growth in GDP \(^{[1]}\). However, in 2008-09, the growth originating from agriculture and allied activities declined to 1.6 per cent (as per the revised estimates). While this is lower than the 4.9 and 4.0 per cent growth witnessed in 2007-08 and 2006-07 respectively, the performance in 2008-09 needs to be viewed in the light of the high base of the previous years. Agricultural growth is characterized by sharp fluctuations and remains vulnerable to the vagaries of nature.

\section*{1.2 CHARACTERISTICS OF INDIAN AGRICULTURE}

\subsection*{1.2.1 Potential Crops}

India is the largest producer in the world of fresh fruit, anise, fennel, badijan, coriander, tropical fresh fruit, jute, pigeon peas, pulses, spices, millets, castor oil seed, sesame seeds, safflower seeds, lemons, limes, cow's milk, dry chillies and peppers, chick peas, cashew nuts, okra, ginger, turmeric, guavas, mangoes, goat milk and buffalo milk and meat and coffee. It also has the world's largest cattle population (281 million). It is the second largest producer of cashews, cabbages, cotton seed and lint, fresh vegetables, garlic, egg plant, goat meat, silk, nutmeg, mace, cardamom, onions, wheat, rice, sugarcane, lentil, dry beans, groundnut, tea, green peas, cauliflowers, potatoes, pumpkins, squashes, gourds and inland fish. It is the third largest producer of tobacco, sorghum, rapeseed, coconuts, hen's eggs and tomatoes. India accounts for 10% of the world fruit production with first rank in the production of mangoes, papaya, banana and sapota. India's population is growing faster than its ability to produce rice and wheat.

India ranks second worldwide in farm output. Agriculture and allied sectors like forestry, logging and fishing accounted for 15.7% of the GDP in 2009–10, employed 52.1% of the total workforce, and despite a steady decline of its share in the GDP, is still the largest economic sector and a significant piece of the overall socio-economic development of India. Yields per unit area of all crops have grown since 1950, due to the special emphasis placed on agriculture in the five-year plans and steady improvements in irrigation, technology, application of modern agricultural practices and provision of agricultural credit and subsidies since the Green Revolution in India. However, international comparisons reveal the average yield in India is generally 30% to 50% of the highest average yield in the world.

1.2.2 Rainfall

The monsoon rainfalls are the backbone and most important characteristic of Indian agriculture. India receives an average annual rainfall of 1,208 millimeters (47.6 in) and a total annual precipitation of 4000 billion cubic metres, with the total utilizable water resources, including surface and groundwater, amounting to 1123 billion cubic metres 546,820 square kilometres (211,130 sq mi) of the land area, or about 39% of the total cultivated area, is irrigated India's inland water resources including rivers, canals, ponds and lakes and marine resources comprising the east and west coasts of the Indian ocean and other gulfs and bays provide employment to nearly six million people in the fisheries sector. In 2008, India had the world's third largest fishing industry.

1.2.3 Current Position of Indian Agriculture

India is the largest producer in the world of milk, jute and pulses, and also has the world's second largest cattle population with 175 million animals in 2008. It is the second largest producer of rice, wheat, sugarcane, cotton and groundnuts, as well as the second largest fruit and vegetable producer, accounting for 10.9% and 8.6% of the world fruit and vegetable production respectively. India is also the second largest
producer and the largest consumer of silk in the world, producing 77,000 million tons in 2005.

Agriculture has always been India’s most important economic sector. In the mid-1990s, it provides approximately one-third of the gross domestic product (GDP--see Glossary) and employs roughly two-thirds of the population. Since independence in 1947, the share of agriculture in the GDP has declined in comparison to the growth of the industrial and services sectors. However, agriculture still provides the bulk of wage goods required by the nonagricultural sector as well as numerous raw materials for industry. Moreover, the direct share of agricultural and allied sectors in total exports is around 18 percent. When the indirect share of agricultural products in total exports, such as cotton textiles and jute goods, is taken into account, the percentage is much higher.

Dependence on agricultural imports in the early 1960s convinced planners that India's growing population, as well as concerns about national independence, security, and political stability, required self-sufficiency in food production. This perception led to a program of agricultural improvement called the Green Revolution, to a public distribution system, and to price supports for farmers. In the 1980s, despite three years of meager rainfall and a drought in the middle of the decade, India managed to get along with very few food imports because of the growth in food-grain production and the development of a large buffer stock against potential agricultural shortfalls. By the early 1990s, India was self-sufficient in food-grain production. Agricultural production has kept pace with the food needs of the growing population as the result of increased yields in almost all crops, but especially in cereals. Food grains and pulses account for two-thirds of agricultural production in the mid-1990s. The growth in food-grain production is a result of concentrated efforts to increase all the Green Revolution inputs needed for higher yields: better seed, more fertilizer, improved irrigation, and education of farmers. Although increased irrigation has helped to lessen year-to-year fluctuations in farm production resulting from the vagaries of the monsoons, it has not eliminated those fluctuations.
1.2.4 Agricultural Output Statistics

Food-grain production increased from 50.8 million tons in fiscal year (FY--see Glossary) 1950 to 176.3 million tons in FY 1990. The compound growth rate from FY 1949 to FY 1987 was 2.7 percent per annum\(^1\). Overall, wheat was the best performer, with production increasing more than eightfold in forty years. Wheat was followed by rice, which had a production increase of more than 350 percent. Coarse grains had a poorer rate of increase but still doubled in output during those years; production of pulses went up by less than 70 percent. The increase in oilseed production, however, was not enough to fill consumer demands, and India went from being an exporter of oilseeds in the 1950s to a major importer in the 1970s and the early 1980s. The agricultural sector attempted to increase oilseed production in the 1980s and early 1990s. These efforts were successful: oilseed production doubled and the need for imports was reduced. In the early 1990s, India was on the verge of self-sufficiency in oilseed production. After independence in 1947, the cropping pattern became more diversified, and cultivation of commercial crops received a new impetus in line with domestic demands and export requirements. Nontraditional crops, such as summer mung (a variety of lentil, part of the pulse family), soybeans, peanuts, and sunflowers, were gradually gaining importance.

The per capita availability of a number of food items increased significantly in the post independence period despite a population increase from 361 million in 1951 to 846 million in 1991. Per capita availability of cereals went up from 334 grams per day in 1951 to 470 grams per day in 1990. Availability of edible oils increased significantly, from 3.2 kilograms per year per capita in FY 1960 to 5.4 kilograms in FY 1990. Similarly, the availability of sugar per capita increased from 4.7 to 12.5 kilograms per year during the same period. The one area in which availability decreased was pulses, which went from 60.7 grams per day to 39.4 grams per day.

Reference1: Ruddar Datta & K.P.S. Sundaram, Indian Economy, 2008-09, Agriculture Output
This shortfall presents a serious problem in a country where a large part of the population is vegetarian and pulses are the main source of protein.

There are large disparities among India's states and territories in agricultural performance, only some of which can be attributed to differences in climate or initial endowments of infrastructure such as irrigation. Realizing the importance of agricultural production for economic development, the central government has played an active role in all aspects of agricultural development. Planning is centralized, and plan priorities, policies, and resource allocations are decided at the central level. Food and price policy also are decided by the central government. Thus, although agriculture is constitutionally the responsibility of the states rather than the central government, the latter plays a key role in formulating policy and providing financial resources for agriculture.

1.2.5 Land Use

In FY 1987, field crops were planted on about 45 percent of the total land mass of India. Of this cultivated land, almost 37 million hectares were double-cropped, making the gross sown area equivalent to almost 173 million hectares. About 15 million hectares were permanent pastureland or were planted in various tree crops and groves. Approximately 108 million hectares were developed for nonagricultural uses, forested, or unsuited for agriculture because of topography. About 29.6 million hectares of the remaining land were classified as cultivable but fallow, and 15.6 million hectares were classified as cultivable wasteland. These 45 million hectares constitute all the land left for expanding the sown area; for various reasons, however, much of it is unsuited for immediate cropping. Expansion in crop production, therefore, has to come almost entirely from increasing yields on lands already in some kind of agricultural use.
Table 1.1 Land use statistics of India for 1950-51 and 2005-06 (area in million hectares)

<table>
<thead>
<tr>
<th>Sr.No</th>
<th>Category</th>
<th>Years 1950-51</th>
<th>Years 2005-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Geographical area</td>
<td>328.73</td>
<td>328.73</td>
</tr>
<tr>
<td>2</td>
<td>Reporting area</td>
<td>284.32</td>
<td>306.05</td>
</tr>
<tr>
<td>3</td>
<td>Forests</td>
<td>40.48</td>
<td>69.02</td>
</tr>
<tr>
<td>4</td>
<td>Not available for cultivation</td>
<td>47.52</td>
<td>44.35</td>
</tr>
<tr>
<td>5</td>
<td>Area under non-agricultural uses</td>
<td>9.36</td>
<td>38.56</td>
</tr>
<tr>
<td>6</td>
<td>Other uncultivated land excluding fallow land</td>
<td>49.45</td>
<td>32.33</td>
</tr>
<tr>
<td>7</td>
<td>Net cultivated area</td>
<td>118.75</td>
<td>162.56</td>
</tr>
<tr>
<td>8</td>
<td>Gross cultivated area</td>
<td>131.39</td>
<td>215.86</td>
</tr>
<tr>
<td>9</td>
<td>Net irrigated area</td>
<td>20.85</td>
<td>78.36</td>
</tr>
<tr>
<td>10</td>
<td>Gross irrigated area</td>
<td>22.56</td>
<td>98.26</td>
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</tbody>
</table>

Source: Directorate of Economics & Statistics (2007-08)

1.2.6 Physiographic Distribution

Topography, soils, rainfall, and the availability of water for irrigation have been major determinants of the crop and livestock patterns characteristic of the three major geographic regions of India--the Himalayas, the Indo-Gangetic Plain, and the Peninsula--and their agro-ecological sub regions. Government policy as regards irrigation, the introduction of new crops, research and education, and incentives has had some impact on changing the traditional crop and livestock patterns in these sub regions. The monsoons, however, play a critical role in determining whether the harvest will be bountiful, average, or poor in any given year. One of the objectives of government policy in the early 1990s was to find methods of reducing this dependence on the monsoons.

The Planning Commission has started the process of preparing an Approach to the 12th Five Year Plan and is adopting a new and more consultative approach. Based on an intensive process within the Commission, "Twelve Strategy Challenges" have been identified to initiate consultations with various citizens’ groups. The Strategy
Challenges, which need to be addressed, include enhancing capacity for growth, skill enhancement and faster generation of employment, management of environment, efficient and inclusive markets, decentralization, empowerment and information, technological and organizational innovations, energy security, accelerated development of transport infrastructure, rural transformation and sustained growth in agriculture, managing urbanization and improved access to quality education.

1.2.7 Progress targets for Agriculture

In order to achieve faster, sustainable and more inclusive growth, a perspective and strategy planning for agricultural development is essential as development of agriculture is guided by the objectives of inclusive economic growth, poverty alleviation and self-reliance. World Development Report 2008 notes “GDP growth originating in agriculture is at least twice as effective in reducing poverty as GDP growth originating outside agriculture”, hence importance of accelerating agricultural growth. The performance of Indian agriculture has been low and volatile during the last decade, which has caused serious concerns in terms of food and nutrition security, farm income, growth in overall economy, increasing disparity, etc. The overall annual agricultural growth for the X plan (2002-03 to 2006-07) was about 2.5 per cent against the target of 4 per cent, and the first three years (2007-08 to 2009-10) of the XI Plan also do not give a very rosy picture with nearly 2.2 per cent average growth against the target of 4 per cent[1].

In order to accelerate growth in agriculture as well as bring about stability in agricultural growth, or cope up with high volatility, while ensuring necessary food security, some policy and institutional changes are required. Moreover, agricultural development requires many public goods and services like agricultural research and extension, irrigation water, rural roads, electricity, etc. in whose case markets do not exist sometimes and/or tend to fail and/or work inequitably.
Accelerating agricultural growth and maintaining a balance between food security and diversification for high value agriculture need more in-depth analysis. Supply-side constraints for high value agricultural products for which demand is growing rapidly due to high income growth, changing food habits, demographics, etc. may build inflationary pressure. Therefore, assessment of investment requirements and their allocations for a balanced sectorial growth assumes significance. The diversion of subsidies to investment is often suggested but there is lack of understanding about such a mechanism. The paper on these macro issues can also address the issue of resource allocation among various sources of growth and regions competing for public funds. The measures to attract more private corporate and household investment can also be discussed. How a major push to R&D and extension in agriculture through the public and private sector, or through public-private-partnership (PPP) mode to promote available technologies as well as generate new ones could be given?

The second important issue is to examine efficiency of various agricultural development programmes. The focus of 11th Plan was on building capacity at the state level and mobilization of state resources through the programmes like Rashtriya Krishi Vikas Yojana, National Food Security Mission, National Horticulture Mission, etc. Some of other programmes like the Mahatma Gandhi

Agriculture forms the primary sector of Indian economy. It is the source of dependence for more than 75% of total population. The total Indian agriculture depends more on monsoons. Irrigation facilities are growing at snails pace picked up momentum due to increase in irrigation facilities, use of high yielding varieties seeds, fertilizers, pesticides, modern equipments and appliances.

Reference 1: Article by Dr. Vijay Paul Sharma, IIM (A): agricultural Development perspective & Strategy for the 12th Five Year Plan
1.2.8 New Changes in Cropping Pattern

a) **Crop pattern before independence**

By cropping pattern is meant the proportion of area under different crops at a point of time. A change in cropping pattern implies a change in the proportion of area under different crops.

At the beginning of the century, more than 83 percent of land was put food crops and about 17% under non-food crops. By 1950-51, area under food crops had come down to 74% and area under non-food crops had increased to 26%. This shift in crops from food grains to non-food grains was mainly due to higher price of non-food grains, commonly known as cash crops. It reflected a change from subsistence cropping to commercial cropping.

**Table 1.2 Nature of Crop Distribution Since 1951**

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<tbody>
<tr>
<td>1</td>
<td>All Crops</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2</td>
<td>Food grains</td>
<td>74</td>
<td>82</td>
<td>76</td>
</tr>
<tr>
<td>3</td>
<td>Non-food grains</td>
<td>26</td>
<td>18</td>
<td>24</td>
</tr>
</tbody>
</table>

Source: Economic Survey, 2004-05

Table 1.2 shows the share of different categories of in the total area shown. The acreage figures from 1960-61 show a reversal of the above trend, and a definite shift from non-food grains to food grains. By 1970-71, the ratio of food grains to non-food grains was 82:18. Two important reasons may be given to explain this shift in favour of food grains.
b) **Factors Affecting Cropping Pattern in India**

At one time many believed that cropping pattern in India could not be changed. S.N. Sinha, for instance, gave expression to such an opinion when he wrote: “In a tradition-ridden country with a very low level of knowledge, the peasants are unwilling to make experiments. They accept everything with a spirit of resignation and a sense of fatalism. For them, agriculture is a way of life rather than a commercial proposition. In an agricultural community where the members are illiterate and tradition-ridden, there is hardly any possibility of crop shifts.” This opinion is not correct any more as is clear from the change in cropping pattern in Punjab. It is widely agreed that the crop pattern of a country like India can be changed and should be changed.

c) **Horticulture as a New Initiative**

Indian farmers are now appreciating the importance of horticulture - the sector includes fruits, vegetables, spices, floriculture and coconut etc. in improving the productivity of land, generating employment, providing nutritional security and improving their economic conditions. Horticulture covered over 17 million hectares of land in 2003-04, according for 8.5 percent of the gross cropped area of the country (12.3 million hectares in 199-1992). Between 1992 and 2004 production of major horticultural crops rose from 97 million tonnes to 156 million tones, India is the second largest producer of fruits in the world (48 million tones and 10% of global production) and highest producer of vegetables in the world (90 million tonnes). Indian farmers are going to adopt new crops and new pattern by production.

Now a day the agriculture scenario in this country is changing fast. Indian farmers thus are trying to improve the quality and content of the farm produce. The conventional and traditional agricultural practices today are replaced by the modern and commercial agriculture and consequently it has changed the cropping pattern also all over the
country. Instead of harvesting traditional crops, now the priority is given to the cultivation of commercial crops.

The commercial cropping today includes the cultivation of sugarcane, fruits, flowers, fruits and variety of Grapes. Some of these crops are cash crops, export oriented crops, giving economic benefits to the cultivators. These new dimensions of commercial agriculture are supported by water management, time management, soil management and other required infrastructure to make it more output oriented and financially viable.

In the light of this scenario, the state of Maharashtra is totally changing and the farming community is becoming more aware not only to produce more but also to seek market potentiality to particular produce. In the state of Maharashtra, the perennial irrigation facility is available only to 12.9% holdings area out of the total land area under cultivation. However the farming communities are making such kind of exercise contents to penetrate in the global markets. At this moment the Indian economy is exposed to the world markets. India is going for globalization since 1991. The GATT agreement and WTO, AOA and the other agencies ensure that there is a great potential for agriculture. After the green revolution, white revolution and yellow revolution the agricultural industry has shown vast development and the total scenario has changed. Under globalization the demand for Indian Agri produces has increased and the export activities are growing up. The grapes from Nasik have been in high demand since last ten years.

The scenario of the Indian agriculture slowly changed due to the changes in land holding, cropping pattern adopting new technologies, using of manure and fertilizers, useful pesticides, improved irrigation facilities and high demand in exports.
1.3 RATIONALE OF THE SUBJECT

Agriculture, including crop and Animal husbandry, fisheries, forestry and agro processing constitutes the very basis of socio economic lives of India. It is one of the world’s largest agrarian economies, as the agriculture sector contributed about 18% of the country’s GDP (during 2006-07), 10.7% of the total export in 2006-07 and also provides employment to around 58% of the total work force. Agriculture also plays a critical role as it is essential to meet not only the food and nutritional security to the people and provide livelihood and income in the rural areas, but also to meet the requirement of raw material/inputs for the agro based industries in the domestic front.

The total geographic area of the country is 328.7 m ha. Extended over a large range of vertical and horizontal co-ordinates makes it to witness a wide variability in climatic conditions and varied range of soil characteristics. The diversified climatic and soil characteristics have helped the county in producing various types of fruits and vegetables, spices and other agricultural crops based on their suitability to the specific environment. India is the second largest producer of fruits and vegetables Maximum production of ginger, turmeric and sesame takes place in India. India is also second largest producer of cotton in the world. However India is still lagging behind in the productivity of many crops compared to the global scenario. A lot of effort is required for increasing the productivity, developing allied activities and building appropriate infrastructure in rural areas to be self reliant in food and agriculture products as well as to generate surplus to facilitate more returns through export.

Government is giving lot of emphasis on agriculture sector for increasing the production and productivity of agriculture commodities for achieving an impressive growth in the agriculture front under the GDP. A number of new initiatives like Technology Mission for Integrated Development of Horticulture in the North Eastern States (TMNE), National Horticulture Mission (NHM), National Food Security Mission (NFSM), Macro management in Agriculture (MMA), Rashtriya Krishi Vikas
Yojana (RKVY), National Project on Organic Farming (NPOF), National Management of Soil Health and Fertility (NPMSHF), etc. indicate the intensive approach in this direction. The success of these programmes will definitely lead to significant rise in agriculture production at the end of X plan. The surplus production after meeting the domestic requirement will help to promote export and will have a great impact on Indian economy.

In a World Bank report submitted to the Agriculture Ministry, it has been highlighted that despite leading producer of fruits and vegetables in the world, India’s export is poor due to high delivery costs, fragmented supply chain and poor logistics with poor quality standards. India’s share in global export of vegetables remained at 1.7% and that of fruits at 0.5%. The inability to compete abroad presently may lead to the inability to compete at home in future as the multinational companies will be dominating the domestic market availing quality products at competitive prices from other counties.

Country is also lacking in appropriate technology & infrastructure in many aspects of modern storage and shipping methods, post harvest handling, value addition etc. The situation is further restricted due to complicated export regulations and procedures. An exporter faces enormous difficulties to equip himself on various parameters of export like regulatory, quality standards, global export opportunities, tariffs on exports, production scenario & availability present export trend etc. for developing gainful strategic approach in a competitive mode.

In view of above, Government of India, Ministry of Agriculture (Trade Division), sanctioned a project to NAFED entitled “Market Intelligence study of selected crops having export potential” at a total cost of 82.0 lakhs. The crops for the present study have been identified on the basis of trade volumes and importance of the commodity in relation to production. The selected crops are mango, grapes, pomegranates, litchi, pineapple, banana and aonla among fruits; tomato, green chillies, okra and onion
among vegetables; ginger and turmeric among spices; and sesame, Soya meal and cotton among commercial crops/products.

At present, India’s export volumes of fruits and vegetables in general and other selected crops are 74,69,086 tons (2006-07). The value of these exports in US dollar terms comes to 2.85 billion compared to 113.94 billion US dollars of world export value; whereas India’s production is 10.9% of total world production for these specific crops.

Agriculture sector has also focused on capacity building of various stakeholders in various aspects of production and export process, right from the producers to the exporters with the objective to place the country in a leading position in the global market. The ultimate objective is to establish a National database which can pool information from promotional agencies associated with export and import activities in selected countries/markets for the access of different user agencies. A URL namely marketagri.com has been created which is providing relevant information to the producer and exporter so as to design the production programme in an appropriate manner.

Production of grape in India falls behind a number of other fruit crops viz. mango, banana, citrus, apple, papaya and guava. It accounts for only 0.02% of total fruit production. Its cultivation in India started quite late as compared to other fruit crops. Till 4-5 decades ago, its cultivation was considered as non-viable, especially in the tropical areas. However, during the period from 1987-88 to 1999-2000, the area under grape has increased from 15,000 ha. to 44,000 ha. and the production from 2.5 lakh tones to 11 lakh tones. The highest world productivity of 100 tones grape per ha. has been recorded in the tropical region of the country. It is now being cultivated in all the 3 major climatic conditions - temperate, sub-tropical and tropical.

Grape has a number of uses such as table grapes, wine, raisin, grape juice and canned grape. However, in India, 90% of the grape is used for table purpose. The rest
of the grape is used mostly for raisin. The other uses of grape are very little in India.

The special reasons for identification of grape are as under:

- During the period from 1991 to 92 to 1999-2000, the increase in production of grape has shown annual compounded growth rate of 13.36% in Maharashtra.
- Among all the fruit crops, grape has emerged as the most successful commercial crop in the recent years.
- About 2% of the grape produced in India is exported successfully to Europe, USA, Middle East and South East Asian countries, as against 0.10% of all fruits.
- India's productivity of grape at 25 tonnes/ha. is the highest in the world.
- The quality of grape grown in India is comparable with the best in the world, since Thompson seedless variety of grape accepted throughout the world for its high quality has been highly successful in Nasik and adjoining districts and more recently in certain districts of Karnataka and Andhra Pradesh. A few mutant varieties of Thompson seedless of similar quality, such as Sonaka, Tas-e-Ganesh and Sharad seedless have been developed in India.
- Besides use of grape as fresh fruit, it could be processed to value added products such as canned grapes, raisin, juice and wine. The by-products from processed grapes such as tartaric acid, which has industrial use, can also be developed.
- Grape of India is highly competitive in the international market because of its high productivity, good quality and also lower cost of production (being very labour intensive crop).
- Investment requirement is much higher for grape than any other crop, the unit cost being Rs.3.64 lakh per ha. (in Maharashtra) for high density plantation, which necessitates institutional finance.
- Scientific pre-harvest and post-harvest management practices such as drip irrigation, training / pruning, pest management, application of growth regulators, pre-cooling, cold storage, reefer transportation including packaging and processing are gaining ground in India, which all require high investment.
- Grape is perhaps the only crop in India which is not usually grown by any
farmer without recourse to bank credit. During 2000-01, NABARD disbursed Rs.47.04 crore of refinance assistance for grape, which constituted 19% of total disbursement of Plantation & Horticulture sector (246 crore) and about 40% of disbursement under horticulture alone. The share of Maharashtra was Rs.33.35 crore i.e. 71% of total refinance disbursed under grape in the country.

In the International Scenario, the total world production is estimated to be about 63 million tonnes which amounts to about 16% of total fruit production. It is only next to citrus and bananas and followed by apples. The major world producers are Italy, France, Spain, U.S.A, Turkey, Argentina, Iran, Portugal, South Africa and Chile. The compounded annual growth rate (CAGR) from 1990 to 2001 was -0.78% for area expansion and 0.74% for production for the world as a whole. During the same period the CAGR for both area expansion and production were high in China, India, Australia, Egypt, Chile, Iran, and USA, whereas these were negative to low in traditionally important countries, such as Italy, Spain, France, Germany, Greece and Turkey.

Unlike in India, 70% of the world grape production is used for wine making. However, in Turkey, Italy, Chile, Argentina, Brazil and U.S.A., considerable quantity of grape is also used for table purposes and making raisin.

About 20% of the table grape production is exported as compared to 9% export of other fruits. The major exporters are Chile, Italy, Spain, USA, etc. World trade in grapes has increased from 1 million tonnes in 1980 to more than 2.7 million tonnes in 2000. Chile accounted for almost half of the growth in export of grape by increasing its exports from 49,600 tonnes in 1980 to 6,76,474 tonnes in 2000. The countries which are emerging as major exporters, besides Chile, are South Africa, Argentina, Brazil and Australia. These countries increased their share in the world exports during the off-season in the USA and European Unions. Mexico, India and Hongkong have also emerged as grape exporters. During the period from 1993 to 2000 the CAGR for the export of grape in the world was 4.55%. The countries which had
high CAGR during the same period included China, Hong Kong SAR, Mexico, Turkey, Chile, Argentina, Australia, Netherlands, Syria, Germany, Lebanon and South Africa and the countries with low to negative CAGR included Italy, France, India, Spain and Brazil. The growth in international trade of grapes was encouraged by the following factors:

- Development of new varieties enabling extension of marketing season.
- Application of post harvest technology.
- Large investment in marketing infrastructure.
- Adoption of quality control measures right from planting to export.

The main export markets for grape are USA and Europe. The size of European market is more than 1 million tones. The South East Asia, Japan and also Middle East to some extent are other important markets.

Nasik, the grape capital of India, has recorded 45.52 per cent rise in export of grapes in FY08 (December-April season) compared with last year, earning foreign exchange worth Rs 174.20 crore. In the last six years, grape export from the district has risen over seven-fold, from 3,775.37 metric tonnes (mt) in FY02 to 27,650 mt in FY08.

From below table it is clearly understood that the exports have increased tenfold from 1998-99 to 2007-08. This is a clear indication of great export potential of grape fruits from Nasik district. Nasik accounts for 55 per cent of total exports of the commodity from the country and 75 per cent of Maharashtra. Corporate entry into grape exports has been very fruitful. Till date (May 14), 27,650 mt has been exported to 13 countries including the UK, Germany, Russia, Belgium, Dubai, Singapore, Hongkong and Taiwan.
Table 1.3
Table shows Export of Grapes in Metric tonnes from Nasik district from 1998-99 to 2007-08

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Year</th>
<th>Grape Export in Metric tonnes</th>
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<tbody>
<tr>
<td>1</td>
<td>1998-99</td>
<td>2,596</td>
</tr>
<tr>
<td>2</td>
<td>1999-2000</td>
<td>4,051</td>
</tr>
<tr>
<td>3</td>
<td>2000-01</td>
<td>2,376</td>
</tr>
<tr>
<td>4</td>
<td>2001-02</td>
<td>3,775</td>
</tr>
<tr>
<td>5</td>
<td>2002-03</td>
<td>4,532</td>
</tr>
<tr>
<td>6</td>
<td>2003-04</td>
<td>8,632</td>
</tr>
<tr>
<td>7</td>
<td>2004-05</td>
<td>13,359</td>
</tr>
<tr>
<td>8</td>
<td>2005-06</td>
<td>16,700</td>
</tr>
<tr>
<td>9</td>
<td>2006-07</td>
<td>19,000</td>
</tr>
<tr>
<td>10</td>
<td>2007-08</td>
<td>27,650</td>
</tr>
</tbody>
</table>

Source: Sweet Times, Export of Grapes Nasik 2009-10

There are 131 firms exporting grapes from Nasik. In 2007-08, around 14,396 growers were given registration certificates by the district agriculture superintendent for exports. Around 2,143 phyto-sanitary certificates, which are compulsory for grape exports as per guidelines of Agricultural and Processed Food Products Export Development Authority (APEDA), were given to these exporters.
1.4 SELECTION OF THE TOPIC

The era of globalization, liberalization and privatization and WTO which bring about international trading, exchange of intellectuality and valuable services to all the countries which are in need of it and there by basically forming international bargaining on lowering the trade barriers between the countries and setting frame work which the bilateral trade agreement usually takes place.

As far as agriculture produce are concerned, world trade has been going through these commodities since a long time. Agricultural exports remained from about 13% to 18% in the global trade.

The major items from agriculture sector which are being exported and which have still more potential are, oil-cakes, tea, coffee, cashew nuts, fruits, vegetables and recently the cut - flowers.

The greater export potential now a days exist for these commodities only, i.e. fresh fruits, vegetables and cut flowers.

Other potential areas where an export has greatest potential are:-
1) Aquaculture
2) Floriculture:- cut- flowers, perfumes,
3) Tomato paste and other processed products.
4) Fresh fruits:- Grapes, Pomegranates, and strawberries
5) Preserved & processed products.

Nasik district is well known for the grape cultivation. The climatic conditions of Nasik are favorable for the quality grape cultivation. Many of the farmers are engaged in the cultivation as well as the export activities. Recently Nasik has emerged as the WINE HUB, which is the one of the largest grapes processing industries. In view of this research topic is selected so that the research can be useful for the grape growers as well as the others related to the grape farming, export and the processing.
1.5 RESEARCH – OBJECTIVES

The present study covers following objectives
1. To decide the area of study in terms of agriculture commercial produce as well as the area of research.
2. To study the cropping pattern in NASIK district.
3. To study the local as well as traditional markets for agriculture commercial produce.
4. To know and analyze present as well as future challenges for the international markets for selected agriculture produce.
5. To find the problems as well as challenges for the marketing of selected commercial produce in the global markets.
6. To study the role and importance of various agencies involved in export marketing of grapes.
7. To study the role of government in terms of marketing of Agri-produce.
8. To identify the exporters of the grapes in Nasik district.
9. To study the cultivation practices for export purpose.
10. To collect the feedback of the exporters regarding
   a) Cultivation practices
   b) Role of government and other agencies involved in export marketing.
   c) Role of WTO and AOA
1.6 STATEMENT OF PROBLEMS

Following are the statements of the problem
1) The cultivation practices, irrigation, pest management may affect the export marketing of grapes.
2) The farmers generally are not aware about the foreign markets.
3) The intermediaries, i.e. the agencies involved may be a problem for the exporters.
4) Government policies can be a problem for export marketing.

1.7 SCOPE OF THE STUDY

The scope of the study underlines the following aspects that are to be dealt with
1) To know the cultivation practices related to the grapes.
2) To know the scope for special cultivation, irrigation, pest and fertilizer management practices.
3) To know the scope for quality cultivation and quality assurance.
4) To find out the export markets in the world.
5) To identify the procedures and limitations related to these procedures.
1.8 THE PERIOD OF STUDY

The time span considered for base of research study is 10 years i.e. 1999-2000 to 2008-09.

1.9 HYPOTHESIS OF THE STUDY

The hypothesis related to the research objectives are as follows.

1) The Quality of grapes to be exported depends upon the quality of seedlings, cultivation practices, irrigation methods, pest management size, sugar contents of grapes etc.

2) Marketing agencies involved in the grape export have a dominant role to play in grape exports.

3) Knowledge about the foreign markets is essential.

4) Policies of the government can be favorable or unfavorable.

5) The AOA (Agreement on Agriculture) under WTO also has its impact on grape exports.
1.10 LIMITATIONS OF THE STUDY

The limitations of the study are as follows;

1. The study is spread over to the period ten years from 1999-2000 to 2008-09
2. The study concentrates on export quality grape fruits only
3. The sample selected is through the villages, growing export quality grapes in Nasik district.
4. The present study is confounded to identify market potential in current as well as alternative markets.

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