

Smallholder Participation in Organized Retail Markets: Evidence from India

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Abstract : India is becoming most favored retail destination in the world. The organized retail has presented many opportunities to farmers to increase income by shifting cropping pattern from food grains to commercial crops. Previous research revealed potential benefits for farmers by supplying fruits and vegetables to organized retail channels. However the supply of fruits and vegetables from small and marginal farmers remain low than expected. The main objective of this paper is to identify the factors determining market participation of smallholder farmers in modern organized retail chains. Attempt is also made to find out factors influencing the choice of participation in particular organized retail collection centers as compared to other organized retail. The paper was based on primary survey of 40 Beans and Tomato farmers who supply to organized retail collection centers from Karnataka, India. Multiple regression technique is used to identify the factors determining quantity sold at collection centers. The regression result, show that area under vegetables, yield, and price from modern collection center and having access to technical help were found significantly affecting quantity sold into modern organized retail channels. On the opposite, increased rejection rates and vegetable prices at APMC were found influencing farmers decision into the reverse side. Empirical result of the multinomial logit model show that Reliance fresh has tendency to prefer large farmers who can supply more quality and better quantity compared with TESCO and More collection centers. The negative sign of area, having access to technical help, transportation cost, and number of bore wells led to higher probability of farmers to participate in Reliance Fresh collection centers as compared with More and TESCO.

Keywords : fruits, vegetables, organized retail markets, multinomial logit model

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