



Unethical Marketing Practices In Indian Apple Fruit Industry – A Case Study Of Jammu & Kashmir Apple Fruit Industry

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Business ethics is one of the most complicated and contentious subjects in the human history. The relationship between doing the right thing and making money has been debated upon by both academicians and business leaders for years with a little consensus reached. In today's world, ethical business practices are more important and necessary than ever because of growing competition, substitutes, innovation, strategies etc. It is notoriously difficult subject because everyone has subjective judgments about what is "right" and what is "wrong".

Ethical marketing entails making honest claims and satisfying the needs of potential and existing customers. It boosts credibility and trust, develops brand loyalty, increase customer retention and prompts customers to spread the word about the products or services which we are marketing. Ethical marketing is less of a marketing strategy and more of a philosophy. It seeks to promote honesty, fairness and responsibility in all components of marketing. Ethical marketing is not a hard and fast list of rules, but a general set of guidelines and principles to be followed and to assist companies as they evaluate new marketing strategies. Unethical marketing practices on the other hand is as bad as a plague which can send wrong signals about our products and services, destroy our brands, reputation, image of the business and above all possibly lead to legal problems and finally a failure to shutter down our business. Those companies who use unethical means to gain a competitive advantage especially unethical advertising can gain in short run but in the long run, they fail to uphold their business.

Unethical practices are common now-a-days. These unethical practices may include intentionally evoking rage or sadness to manipulate consumer decisions, using fair tactics, targeting disadvantage people or tricking customers into buying a product or services. Misleading statements, distorting facts, making false or deceptive comparisons about a rival product, inciting, exploiting, stereotyping, disparaging, plagiarizing and the like are all unethical marketing practices in the present day world. Avoiding unethical marketing practices can help a business to avoid consequences such as losing the good faith and loyalty of customers and jeopardizing profitability. Such type of unethical marketing practices does not have been seen only in manufacturing and service sectors but a great level of unethical marketing practices has also been observed in fresh fruit industry especially in Indian sub continent.

India is the fifth largest apple producing country in the world.

Marketing plays an important role in apple fruit industry with respect to its net income returns. The ethical marketing system for apple fruit industry is highly demanded and required for its sustainable growth and development at global as well as at regional level. From the pre-production stage to the consumption stage, all the components of marketing are unethically followed by respective businessmen, be it a pesticides, fungicides, insecticides. Chemical fertilizers, packing, cold storage, transportation, insurance or selling, at all stages unethical marketing practices have been seen. The cream is always taken away by the middlemen at every stage and finally the grower becomes the main victim of all these unethical marketing practices, as if the system has got legal sanction from the government to follow such unethical marketing practices. No agency-government or private are serious about to overcome these unethical marketing practices which needs to be deliberated and debated upon so that the system may be put on the right track.

Objectives:

1. To analyze the role of government in curbing the unethical marketing practices in Indian Apple Industry.
2. To analyze the effects of unethical marketing practices upon the incomes of growers / traders.
3. To analyze the role of government in assisting the growers / traders by way of providing subsidies on inputs.
4. To find out the main problems faced by the industry as well as by the growers / traders.

Methodology:

In order to achieve the objectives the investigator has conducted a random sampling of 300 respondents who are mainly growers and traders. Keeping in view the restrictions and unfavourable conditions in Kashmir, the data thus collected from the primary source has been tabulated, analyzed and interpreted by simple statistical methods.

Global Scenarios:

Apples originated in the Middle East some more than 4000 years ago.

There are 7500 varieties of apples in the world. These varieties are found in China, USA, Poland, Turkey, India, Iran, Russia, UK, Canada, Germany, Israel, Netherland, Australia and Switzerland. China is the largest producer

of apples with 41.4 MT followed by USA with 5.2 million tons of apples. Turkey with 3 million tons at third number and Poland with 2.4 million tons at fourth number and India comes at fifth number with 2.3 million tons of apple production. Some of these countries have developed their apple industry on modern lines by introducing highly yielding varieties of apple plants, using latest tools and technologies and put their industry as an export oriented industry. The following table 1.1 reveals the global breakup of apple production.

TABLE 1.1

S.No.	Country	Production (MT)
01	China	41.4
02	USA	5.2
03	Turkey	3.0
04	Poland	2.4
05	India	2.3
06	Iran	2.1
07	Italy	1.9

Indian Scenario:

Apple was introduced into the country by the British rulers in the Kulu valley of the Himalayan state of Himachal Pradesh as far back as 1865 and subsequently colored delicious varieties of apple has been introduced in the same state at Shimla during 1917. Presently out of 29 states, India has only two north-western states (Jammu & Kashmir, Himachal Pradesh) where apples are grown on large scale by producing 94% of total country's production. The rest 6% are mainly produced by Utrakhand of the north- eastern hilly area of the country as highlighted by the following table 1.2

Table 1.2

S.No.	State	Area under cultivation	Growing belts of the state
01	Jammu & Kashmir	45%	Baramulla, Shopian, Kulgam, Budgam, Anantnag & Kupwara
02	Himachal Pradesh	83%	Shimla, Kalu, Kinor, Chamb, Siranur and Mundi
03	Uttarakhand	30%	Almor, Pithoragarh, Tehri, Garhwal and Uttarkashi
04	Assam	NA	Tawang, west Karbi, lower subansiri

Source: National Horticulture Board Govt. of India (MOA)

The Indian apple industry has not been developed as an export oriented industry because of apathetic attitude by the Centre as well as by the state government. The total annual production 2.3 million tons comes from only 3 states i.e., J & K, H.P and Uttarakhand, in which the highest production is coming from J & K followed by Himachal Pradesh and Uttarakhand which is evident from the following table.

Table 1.3

S.No	State	Area in hectares	Production 000, MT	Production per hectare
01	J&K	90.1	909.6	10.1
02	H.P	92.8	180.6	1.9
03	Uttarakhand	51.8	59.3	1.1
04	Arunachal Pr.	6.7	8.5	1.3
05	Nagaland	0.1	0.3	3.3
	All India	241.6	1158.3	4.8

Source: National Horticulture Board Govt. of India (MOA)

Kashmir is popularly known as paradise on earth because of its natural beauty. The valley(Kashmir) is bestowed by nature in respect of green meadows, snowcap mountains/hills, springs and streams, natural breezing, cool temperature and above all by abundance of fresh and dry fruits. The Kashmir valley is the centre of tourist attraction all over the world. The economy of the state is largely dependent upon apple and tourism industry. If agriculture is known as the backbone of Indian economy, apple industry is the backbone of Kashmir economy. The industry is growing at a very high speed. Nearly 90% of the agricultural land has been converted into horticulture for last 20 years keeping in view its lucrative returns and importance the state government has acquired a high yielding quality of apple plants from Italy and Bulgaria, which are given to the farmers for high quality of apple production. However, the indigenous delicious plants still dominate the industry being a durable and high yielding variety. The cultivation of apples usually commences in Kashmir just after the winter season i.e., in the month of March-April every year, when the growers start to make oil spray and chemical fertilizers. The harvesting season which is normally started in the month of September to ending October or upto middle November in certain areas every year. Growers are making nearly 6-9 pesticides, fungicides or insecticides sprays during these 8 months depending on weather conditions.

This whole process from growing to marketing the produce to the ultimate consumer, the growers/traders has to face many difficulties and hardships. The State government has introduced a scheme known as KCC (Kissan Credit Card) under which a grower/trader who has 8 kanals of orchard land can avail the benefit of the scheme by obtaining Rs. 3 lakh loan facility from the bank @7% of interest. But this scheme did not make any significant change in the growers/traders returns because of small and marginal growers and non effective use of the loan in a proper utilization.

The department of horticulture has introduced a scheme of providing a shed type non AC godown within the orchard of a dimension 25x20 sqft. Again the scheme did not prove to be a viable for the upliftment of the industry.

The growers and traders are usually facing the unethical marketing practices by the middlemen, be it a packing, transportation, insurance, cold storage or at the Mandi (selling point). The lions' share of profit is normally grabbed by the middlemen having no interference by the central or state government.

In order to analyze these problems, a random sample survey of 300 respondents has been conducted including small, marginal and big growers/traders with regard to the following areas:

1. Crop insurance
2. Financial dependence
3. Packing
4. Transportation
5. Cold Storage
6. Carriage insurance
7. Sales

Neither the growers / traders have been seen to get their crop insured by any agency nor any assistance by the government in this regard. People are found very much optimistic with regard to natural climates hardly to occur. So this concept of insuring the crop is not found in India. However, there are two types of commission agents who provide financial support to the growers/traders. One at local level, another at national level. The local agent gets the finance from the national agent or having his own sufficient finance in rare cases. The local agent provides financial support to the growers in addition to the required inputs as per the agreement with the grower. The commission agent charges from Rs.40 to Rs.60 per apple box having a weight of 15-17 kg as his commission. The local agent has to deliver all the apples to the national agent from whom finance has been obtained and in return the national agent gives some amount by way of percentage to the local agent which nearly amounts to Rs.40-50 per apple box and is not known to grower. So, in this way, the local agent earns from Rs.100 to Rs.120 per apple box which is a great exploitation in providing financial help to the grower or sometimes the grower gets direct financial assistance from the national agent depending upon the credibility of the grower/trader and saves the local agent's commission. Table 1.4 highlights the financial dependence of the grower/trader.

Table 1.4

S.No	Nature	Respondents	Agree	%age	Disagree	age%	Rank
01	Own finance	300	50	16.66	250	83.33	III
02	LCANCA	300	205	68.33	95	31.66	V
	Bank	300	95	31.66	205	68.33	
		300	x	x	x	x	

03	Rate of interest 15-20 20-25	300 300	123 155	41 51.66	177 145	59 48.43	IV
04	Govt. support	300	X	X	300	100	I
05	Crop insurance	300	20	6.66	280	93.33	II

It is evident from the responses that the main problem in respect of finance is lack of government's support which got first rank in order of main problems faced by growers/traders except (KCC) with the result the growers/traders are largely dependent upon LCA and NCA who operate marketing services to the growers at Mandi levels/sales points. The growers neither get their crops insured at personal level nor Government helps them in this respect, as a result the growers/traders become victims of these middlemen by charging exorbitant interest rates.

Packing plays an important role in the sale of products and is one of the important ingredients of marketing system with regard to apple industry is shown in the following table.

Table 1.5

S.No	Nature	Respondents	Agree	% age	Disagree	% age	Rank
01	Type of packing Wooden Cardboard	300 300	150 150	50 50	150 150	50 50	V
02	Rate Fixed Variable	300 300	X 300	x 100	300 X	100 X	I
03	Price discrimination	300	300	100	X	X	II
04	Price discrimination Wooden Cardboard	300 300	300 300	100 100	X X	X X	IV
05	Govt. control	300	X	X	300	100	III

Again the government control upon the fixation of price with regard to packing materials is 100% null as revealed by the respondents. This is followed by price discrimination by the packing material manufacturers with wooden or cardboard. The same discrimination in rupees ranges from Rs.10 to 40 per box from the normal rate of Rs.60 per box means that in scarcity the grower/trader has to pay Rs.90 per box.

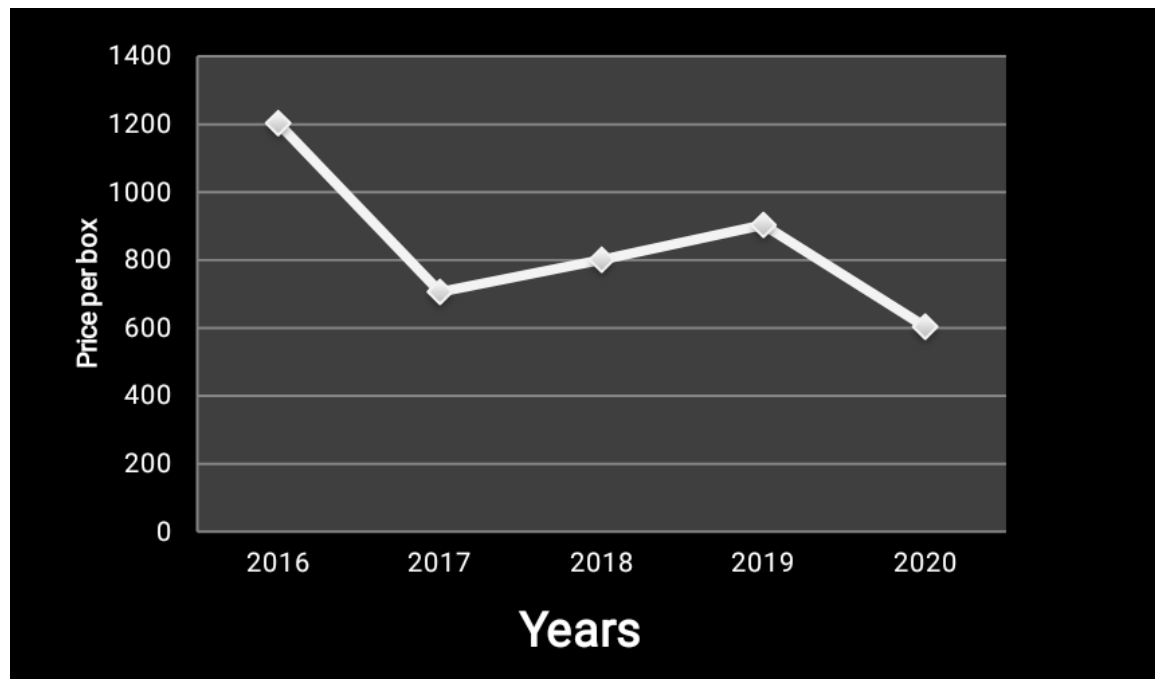
Finally when apples reach to the Mandi (place where apples are sold or bought), there is a big and unethical role of commission agent. The sale takes place under a piece of cloth by using a market language between the commission agent and buyer. Hardly anywhere it has seen an open sale. Table 1.6 reveals such position.

Table 1.6

S.No	Nature	Respondents	Agree	%age	Disagree	%age	Rank
01	Direct selling by owner	300	50	16	250	84	III
02	Local Mandis Through LCA	300	85	28.33	215	71.66	IV
03	National Mandis through NCA	300	215	71.66	85	28.33	VI
04	Open sale	300	15	5	285	95	II
05	Under cloth	300	285	95	15	5	VII
06	Sale with owner consent	300	100	33.33	200	66.66	V
07	Govt. control over malpractices	300	X	-	300	100	I

It is evident from the table that majority of the growers/traders(71.66%) are selling their apples in national markets, but 95% of the respondents agree that there is no open auction for the apples instead it is conducted under a piece of cloth, not known to anybody. This is highly recognized as an unethical marketing practice by the commission agents. However, 5% of the respondents agree that the sales are conducted openly because of the fact that the lot size is very low, which has no huge income effect upon the returns. The 100% respondents are of the view that Government's role to curb such unethical practices is negligible. With the result, the industry suffered in general and growers andtraders in particular.

Five year graphical sales trend (per box)Graph



The above data reveals the picture of sale of per box (15-17 kg) for last five years. During 2016, the rate was nearly Rs.1200 on an average which goes on declining for all the successive years till it reached Rs.600 on an average during 2020. The growers and traders suffered a huge loss and were heavily indebted to the NCA and banks. The last two years i.e., 2019 and 2020, growers and traders have purchased the apples at a rate of more than Rs. 600, the per box.

Conclusion:

1. Unethical marketing practices were found from production to consumption at all levels of marketing of Kashmir apples.
2. Duplicate inputs like fertilizers, pesticides and fungicides are commonly sold under a registered brand name to the growers/traders at unethical rates with the result the apple diseases are hardly controllable.
3. Unethical marketing practices with regard to sale of apples at Mandi level which is commonly conducted under piece of cloth.
4. Government's non seriousness with regard to control these unethical marketing practices at all levels and lack of latest technology and other facilities to growers/traders.
5. Unethical marketing practices of mixing up low grade apples with high grade quality under brand name by growers/traders.

Suggestion:

For sustainable growth and development of Indian apple industry, the following suggestions were put forth:

1. In order to overcome all these unethical marketing practices, Government's role is indispensable for the sustainable growth of the apple industry in India. The apple trade should be recognized as an industry instead of left it at the mercy of grower.
2. The quality of inputs like fertilizers, pesticides and fungicides must be checked and a task force team should be framed to check at manufacturing as well as at retail supplier's level.
3. Latest technology and high yielding plants must be introduced and general facilities, subsidies fixed, cost for all inputs, transportation and cold storage should be provided to the growers/traders to ensure it as an export oriented industry as is done in other advanced countries.
4. The grading of apples at packing level must be ensured so that right quality is to be sold in the right markets and that of low quality is to be sold locally which will create a confidence among buyers and will add a good return to the growers' income.
5. The unethical sale practices should be made through open auction system before a grower in the national Mandies instead sale under piece of cloth.

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