

Answer:

Marketing of agricultural produce is an important economic activity as it needs to balance the affordability and availability of food for consumers with sustained improved incomes to farmers. Although the marketed surplus of the Indian farmers is high in most commodities, the returns are not so remunerative. It is a complex system with a mix of organized and unorganized sector practices.

In this context, e-commerce presents itself as a new frontier with the potential to revamp agri-marketing in India. This is because of the following reasons:

- E-commerce **eliminates most middlemen and rationalizes inventory costs**, and sellers are able to pass on cost benefits to consumers as low prices.
- It also enables **sellers to target consumers across the country** at effectively no search and negotiation cost.
- It helps to **bring in transparency in pricing by removing the information asymmetry** between sellers and buyers and enabling farmers to benefit from price discovery. This reduces the price volatility and provides viable opportunities to hedge their risk.
- It has the **potential to bring producers of niche agricultural and horticultural products online** and present them with an opportunity to market their products to a nation-wide and even global consumer base. For instance, organic ginger produced in Sikkim, Araku coffee (Andhra Pradesh).
- It provides **opportunities for private entrepreneurs** to invest in agricultural marketing. For instance, Big Basket, a well-known grocery home-delivery business, books orders online from consumers and delivers sorted and cleaned groceries, vegetables, and fruits to them.
- The growth in disposable incomes, improving living standards and purchasing power of consumers in India's **second- and third-tier cities and rural areas** hold great potential for the growth of e-retailing.
- **FPOs** can start specializing in certain fresh and processed products, and get into branding activities to get **good deals using e-commerce**. Also, Farmer Producer Companies and Cooperatives can emerge as **viable aggregation vehicles** for small and marginal farmers to **participate directly on futures platform for e-trading**.

The growing internet and smartphone penetration in the rural regions is encouraging the growth of e-commerce models to focus on agribusiness. It needs to be further incentivized by developing sourcing models and supply chains that connect directly with farmers; tax uniformity and easier movement of goods across states.

5. *While digital financial services can expand financial inclusion in India, there are various challenges that need to be addressed in this regard. Discuss. (150 words) 10*

Approach:

- Explain what you understand by digital financial inclusion and briefly discuss how it can expand financial inclusion in India.
- State the challenges in its widespread adoption.
- Conclude appropriately.

Answer:

Digital financial inclusion involves the deployment of digital means to reach currently financially excluded and underserved populations. It has the potential to provide affordable, convenient and secure banking service to poor individuals in rural and urban areas. Further, it is deemed as a safer alternative as it can reduce the circulation of fake currency and also reduce risks of loss, theft etc. posed by cash-based transactions.

Looking at digital financial services as safe, secure, convenient, quick and affordable payment options, several policy initiatives and enterprises have contributed to deepening of digital payments in India free remittances through NEFT and RTGS facilities, fourfold increase in POS terminals between 2015-19, increase in the number of debit cards to 835 million in 2019, 142 banks on UPI