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Optimizing sales return management of seeds: Insights and strategies for the Indian agriculture industry

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Abstract

This study examines the sales return management of seeds in Indian seed industry, with a particular emphasis on rice and maize seeds from 12 states. Sales officers provided information on the frequency and causes of seed returns, which showed that logistical problems including delayed delivery and incorrect types of seed were frequently the cause of returns. Methods for collecting feedback from customers and approaches for communicating with distributors are also analysed, with a focus on the significance of consumer surveys and regular meetings. It has been discovered that seed handling and packaging are efficient, and that the documentation procedure for returned seeds is standardised, ensuring accuracy and consistency. This study concludes with recommendations to develop targeted marketing strategies and improve communication and documentation processes to reduce sales returns and enhance customer satisfaction. By implementing these strategies, the seed industry can reduce losses, build trust, and contribute to overall growth.

Keywords: Indian agriculture, agricultural supply chain, seed distribution

Introduction

In today's dynamic agricultural landscape, the inputs used in the sector have advanced significantly. Out of all agricultural inputs, seeds play a significant role in production, as the usage of high-quality seeds results in increase in productivity and hybrid seeds continue to be the top choice for achieving the best results. Farmers in India know the value of seeds since ancient days and have contributed for its improvement by selecting and cultivating the seeds. The most essential and fundamental component of sustainable agriculture is high-quality seed. Producing high-quality seed to extract greater quantities from lesser material is the main goal and concern. The quality of the seeds has a significant impact on how other inputs respond. Depending on the crop, the direct contribution of high-quality seeds to overall production is estimated to be between 15-20%, but it can reach further with effective management of other inputs (National Seed Research and training centre, 2023).

Current status of seed Industry

India's seed industry is one of the largest in the world, characterized by a diverse range of crops and varieties. The global seed market had a value of \$63 billion in 2021 and is projected to reach ~\$87 billion by 2026 with an annual growth rate of 6.6% (Maity, 2023) ^[2].

The seed industry in India size reached US\$ 7.0 Billion in 2023. The key regions in the seed industry in India are Uttar Pradesh, Madhya Pradesh, West Bengal, Rajasthan, Punjab, Maharashtra, Andhra Pradesh, Bihar, and Karnataka, where Uttar Pradesh currently dominates the Indian market (IMARC, 2023) ^[4].

The seed industry aims to support agricultural growth by providing access to high- quality seeds, essential for sustainable agricultural growth, increased crop productivity, poverty reduction, and yield stability amid climate change impacts. The industry is predominantly supplied by locally produced seeds, with farmers retaining seeds of major crops like wheat, rice, sorghum, millet, corn, and pulses. The success achieved with the introduction of high yielding varieties of wheat and rice and the hybrids of maize, millets and cotton could be sustained due to sound policy support provided through establishment of public sector organizations, such as the National Seeds Corporation (NSC), Tarai Development Corporation (TDC), State Farms Corporation of India (SFCI) and the State Seed Corporations (SSCs) during the Green Revolution period. The seed sector grew steadily in the subsequent period with the establishment of several private seed companies dealing with both field crops and vegetables (Singh *et al.*, 2019) ^[3]. Product quality is crucial to ensure consumers can purchase

reliable, high-quality products and services. Enhanced procedures that yield a safe, uniform output of products minimize errors, rework, and waste of labour, machine-time, and materials, thereby increasing output with less effort. In a competitive market, customer satisfaction is a crucial differentiator and a fundamental component of business strategy. Consequently, businesses focus on product development, technological improvement, cost optimization, and excellent service facilities, but these efforts only matter if the customer finds them appealing. Additionally, effective sales return management is essential, as it handles returned products due to defects, dissatisfaction, or overstocking, ensuring that inventory levels are optimized and customer trust is maintained. Sales return Management in agriculture industry.

In the agricultural industry, sales return management is closely related to inventory management and supply chain logistics. In the agribusiness sector, unsold seed returns are typical, with the independent dealer bearing no risk for returned seed since the supplier covers the costs of returning the unsold seed. In the agricultural supply chain, sales return management is crucial for handling returned agricultural inputs, including machinery, fertilizers, pesticides, and seeds (Burer *et al.*, 2008) ^[1].

Materials and Methods

The study required collection of data from the 12 sales officers of each state dealing with the distribution of paddy and maize seeds were selected. The states which are under

this study area include Madhya Pradesh, Uttar Pradesh, Karnataka, Chhattisgarh, Jharkhand, Bihar, Maharashtra, Andhra Pradesh, Telangana, Rajasthan, West Bengal and Assam states. This diversity of states offers an opportunity to look how sales returns management is carried out from the plant to different states. This study used to understand the reasons contributing to the sales returns of seeds in the seed industry and to give recommendations for minimizing the sales returns.

Results and Discussions

The data collected has been analyzed and tabulated using appropriate descriptive statistical data.

Understanding the reasons behind the sales returns

Understanding the reasons behind sales returns is crucial for the firm because it directly impacts product quality, customer satisfaction, and business profitability. Determining these reasons aids in the identification of potential issues with the marketing plans, customer interaction, and supply chain. This knowledge enables the firm to take proactive measures to prevent future returns, reduce costs associated with handling them, and maintain a positive brand reputation. Furthermore, knowing the causes of returns will give important information to the firm about the preferences and expectations of their customers. The reasons for the sales returns were collected based on the knowledge of the sales officers of the firm located in selected states.

Table 1: Frequency of sales returns

S. No.	Frequency	Respondents	Percentage
1.	Never	0	0
2.	Rarely	0	0
3.	Occasionally	6	50
4.	Frequently	4	33
5.	Very frequently	2	17
	Total	12	100

From the table 1 it is observed that 50% of respondents reported that they experience seed returns occasionally, 33% of respondents indicated that they encounter seed returns frequently. 17% of respondents stated that they experience

seed returns very frequently. Although very frequently category represents a smaller percentage of the total respondents, it highlights a critical segment who are highly dissatisfied with their purchases.

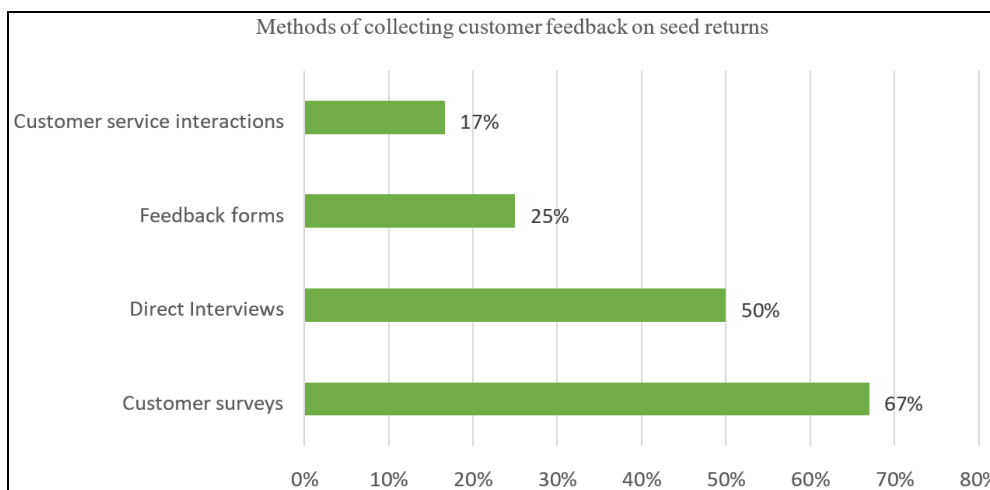


Fig 1: Methods of collecting customer feedback on Seed Returns

From the figure 1 it is noticed that, to effectively gather feedback regarding seed returns, sales officers utilize different methods, each with its own strengths and limitations. Customer surveys (67%) and direct interviews (50%) are the primary methods used, offering detailed insights into customers' experiences and reasons for returning seeds. Feedback forms (25%) and customer

service interactions (17%) are also utilized, but they are less favoured compared to surveys and interviews. Overall, the combination of surveys and direct interviews ensures a comprehensive approach to understanding and addressing the reasons behind seed returns, leading to more informed decision-making and improved customer satisfaction.

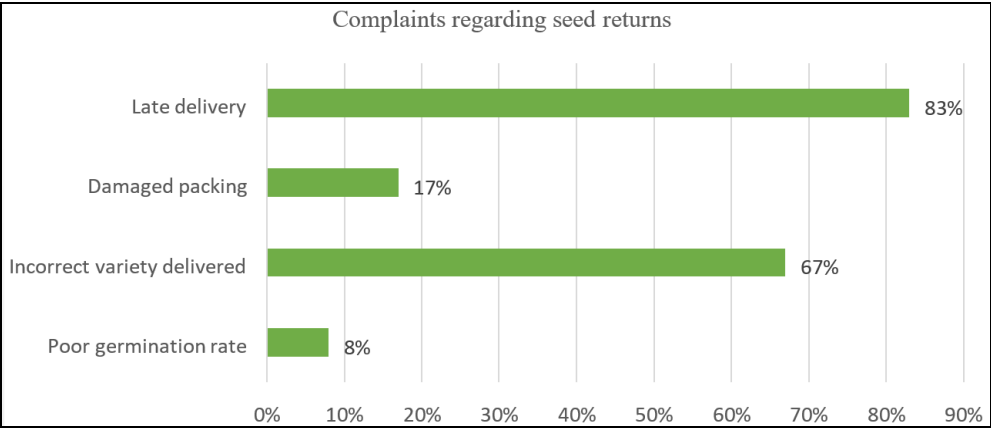


Fig 2: Complaints regarding seed returns

From the figure 2 it is explained that the Customers mainly complain on late delivery (83%) of seeds as they did not align with planting schedules. A delay in seed delivery mean missing the optimal planting season, which have a significant impact on the crop's success. Incorrect/mismatched variety delivery (67%) is the next main reason for the returning of seeds. When the delivered seed variety does not match the order, it lead to significant dissatisfaction. Incorrect/mismatched varieties necessitate additional efforts in reordering the correct seeds, returning

the incorrect ones, and potentially dealing with delays that affect planting schedules. This happens due to miscommunication or lack of detailed understanding of customer requirements. While complaints about poor germination rates (8%), damaged packaging (17%), and other issues also arise, they are less frequent compared to the primary concerns of timing and accuracy of the seed orders. Addressing these key issues is crucial for improving customer satisfaction and streamlining the seed return process.

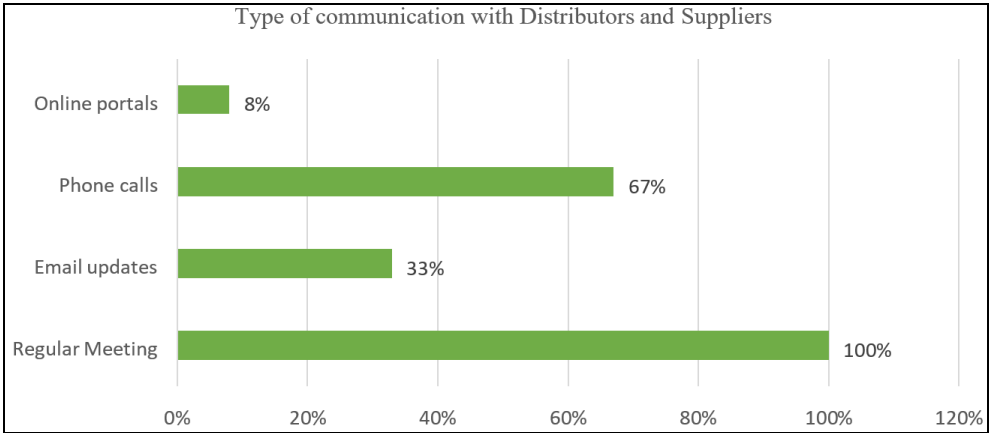


Fig 3: Methods of communication with Distributors and Suppliers on seed returns

From the figure 3 it is noticed that in managing seed returns, sales officers prioritize clear and efficient communication with distributors or suppliers. The primary method involves conducting regular online meetings as 100% of the respondents opted for this method, which provide a structured platform for addressing issues comprehensively and collaboratively. These meetings allow for real-time discussions, immediate feedback, and collective problem-solving, ensuring that all parties are aligned and any concerns are promptly resolved. Following this, phone calls

(67%) serve as the next preferred method offering a direct and personal way to handle urgent or specific issues quickly. Email updates (33%), while a valuable communication tool, are less preferred because many customers are not fully aware or engaged with this method, potentially leading to overlooked messages and delayed responses. Lastly, online portals (8%) are not the primary choice for sales officers as their effectiveness largely depends on the customers' familiarity and comfort with digital tools. This communication strategy ensures that seed

return issues are addressed efficiently and effectively, prioritizing methods that foster immediate and clear interaction.

Documentation Process for Seed Returns

In the documentation process for seed returns, all the interviewed sales officers are reported a standardized form/process, involves a systematic approach to ensure consistency and accuracy.

Customers initiate the return request through predefined channels and receive a Return Authorization Number (RAN) for tracking. They complete a standardized return form detailing customer information, order specifics, product details, and reason for return, supported by relevant documents like the purchase invoice. The request is verified and approved by a sales officer or customer service representative. The customer is then provided with return transporting instructions and a tracking mechanism. Upon receipt, the returned seeds are inspected for compliance with return policies. Based on inspection, the customer is issued a credit, refund, or replacement, and the transaction is recorded in inventory and accounting systems. Feedback is collected for continuous improvement of the process. This structured approach ensures efficient handling of returns, consistent customer service, and clear documentation for audit purposes.

Improvements in Seed Handling and Packaging

The sales officers unanimously agreed that the current seed packaging is effective. Their positive feedback indicates that the packaging adequately protects the seeds during handling and transportation. This suggests that the packaging meets all quality standards, including moisture control, physical protection, and durability. Additionally, the lack of issues with packaging materials, labelling, or protective measures during transit confirms the system's reliability. This consensus, likely reflecting positive customer feedback, underscores the packaging's efficiency in ensuring the seeds reach customers in optimal condition, supporting the company's operational standards and customer satisfaction goals.

Recommendations

- Educate farmers on the correct usage and benefits of seeds. By Providing detailed product information to ensure proper selection and usage. Address common issues and concerns to build trust and reduce returns.
- Develop specific marketing strategies to reach potential customers.
- Conduct surveys and gather feedback to understand customer requirements and their specific needs. Regularly review and adjust sales strategies based on customer feedback.
- Organize trials to showcase seed performance in different conditions. Use trial results to build confidence in the product. Share trial outcomes with farmers and distributors to support sales efforts.
- Conduct regular meetings with distributors to provide product updates and training.
- Maintain strong relationships with distributors to ensure they are well-informed and motivated.
- Use yield mapping technology to track and analyse seed

performance. Share yield data with farmers to demonstrate product efficacy. Use the data to make informed decisions about product improvements and marketing strategies.

- Conduct SWOT analysis for each seed variety to understand its market position. Use insights from competitor analysis to refine marketing and sales strategies.
- Develop a clear communication plan for all stakeholders. Ensure that product information is easily understandable.
- Work closely with the R&D team to develop high-quality seeds. Incorporate feedback from farmers and distributors into the R&D process. Ensure that new product developments are aligned with market needs.
- Implement comprehensive training programs for dealers. Help dealers with the knowledge and tools. Encourage satisfied customers to share their positive experiences.

Conclusion

The study identifies Sales Returns are an inevitable aspect of business operations. Effective management of these returns is essential for both operational efficiency and customer satisfaction. Particularly in the seed industry returns are frequent as a result of number of issues, including incorrect and delayed deliveries. This study, which collected data from sales officers in different states, showed that seed returns are common and mostly caused by logistical problems. Key areas for improving the management of sales returns have been highlighted as enhanced packing, clear documentation procedures, and effective contact with distributors. Prioritising high-performing areas, understanding customer demands, improving the returns, and strengthening relationships with distributors are the main concern for recommendations. Reducing returns and increasing customer satisfaction will depend mainly on educating farmers and applying data-driven insights. Implementing these strategies into practice will not only reduce losses but also build trust and minimize the supply chain, contributing overall growth of the seed industry.

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