

Agricultural Marketing

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ABSTRACT

Agricultural marketing system is an efficient way by which the farmers can dispose their surplus produce at a fair and reasonable price. Improvement in the condition of farmers and their agriculture depends to a large extent on the elaborate arrangements of agricultural marketing.

Marketing may be described as the process of defining, knowing the consumer needs and organizing all the available resource to fulfill the customers' need. Agricultural marketing is a process of moving an agricultural product from the farm to consumer. Various activities are involved in doing this, such as planning about production, growing and harvesting, grading, packing, transport, storage, agro-food processing, distribution and sale. Agricultural marketing without the exchange of information cannot take place. It also depends on availability of suitable finance. The aim of this research paper is to highlight the problems faced by agricultural marketing in India. The paper also describes the

importance & new trends in Agricultural marketing.

Agricultural marketing is inferred to cover the services involved in moving an agricultural product from the farm to the consumer. It is also the planning, organizing, directing and handling of agricultural produce in such a way as to satisfy the farmer, producer and the consumer. Numerous interconnected activities are involved in doing this, such as planning production, growing and harvesting, grading, packing and packaging, transport, storage, agro- and food processing, distribution, advertising and sale. Effectively, the term encompasses the entire range of supply chain operations. However, its key function is to help direct these services, by providing competent and able market information, thereby linking the other operations into an integrated service with targeted outcomes.

INTRODUCTION

Agricultural Marketing, rather than production, is going to be the key driver of the agriculture sector today, thanks to the new market realities posed by the increasing accent on globalization, liberalization and privatization of the economy. Market-driven production is an idea whose time has come. With the gradual shifting of agricultural system from subsistence to commercial one, there is increasing focus on Agro Entrepreneurship and Agro-marketing. It is the need of the time to tune up the Agricultural Marketing System of the country to enable the farmers to face the new challenges and reap the opportunities as well. This summons us to revisit our traditional statistic policies and laws and bring about the requisite reforms in the sector.

The imperatives of the integration of the Agricultural Marketing System of the country are increasingly posing new challenges in respect of each of the components of the system such as cleaning, grading, quality certification, packaging, storage, transportation, financing, wholesaling and retailing etc of agriculture produce. The subtlety of the management of Agricultural Marketing issues today calls for high degree of professionalism to measure up to the expectations of different stakeholders.

Internal reforms in traditional agricultural marketing system of the country have become

indispensable to enable our farmers to tap into the external market of the post-WTO regime. Now that many states have introduced some reforms in agricultural marketing, the need of the hour is to consolidate the gain of reforms through appropriate policies and plans. The existing trade barriers have to be removed for evolving a common market in India. There is a need to give a push to processing and value addition. Cost effectiveness through integrated supply chain management has become sine qua non in the present world trade environment. This demands doing away with the dysfunctional aspects of the present regulated marketing system by putting in place a responsive market information system, need-based price discovery mechanism, measures to solve the problem of economies of scale at the grass root level by promoting contract farming, direct marketing and private investment in agricultural marketing infrastructure.

Congenial investor-friendly economic environment has got to be evolved to attract the private investors to invest in agricultural marketing sector for bridging the existing gap in the agricultural marketing infrastructure of the country. Farmers should get freedom of choice to use a physical market giving them services for the fees paid by them. This could be possible through dismantling of the monopoly of the Government-owned markets and permitting setting up markets in the private sector, thereby bringing healthy

competition in the sector. This also calls for the traditional Government mandies to be spruced up in terms of their management, infrastructure, service delivery, customer-friendliness through fine-tuning of their internal processes. The other areas of reforms such as promotion of grading and standardization, market-led extension, rationalization of market fees, public- private partnership in owning and management of markets etc will go a long way towards pushing the system to the next level of excellence. The focus on reforms calls for a paradigm shift in our approach.

Concept of Agricultural Marketing:

Agricultural marketing system is an efficient way by which the farmers can dispose their surplus produce at a fair and reasonable price. Improvement in the condition of farmers and their agriculture depends to a large extent on the elaborate arrangements of agricultural marketing.

The term agricultural marketing include all those activities which are mostly related to the procurement, grading, storing, transporting and selling of the agricultural produce. Thus Prof. Faruque has rightly observed:

“Agricultural marketing comprises all operations involved in the movement of farm produce from the producer to the ultimate consumer. Thus,

agricultural marketing includes the operations like collecting, grading, processing, preserving, transportation and financing.”

Present State of Agricultural Marketing in India:

In India four different systems of agricultural marketing are prevalent:

1. Sale in Villages:

The first method open to the farmers in India is to sell away their surplus produce to the village moneylenders and traders at a very low price. The moneylender and traders may buy independently or work as an agent of a bigger merchant of the nearby mandi. In India more than 50 per cent of the agricultural produce are sold in these village markets in the absence of organized markets.

2. Sale in Markets:

The second method of disposing surplus of the Indian farmers is to sell their produce in the weekly village markets popularly known as ‘hat’ or in annual fairs.

3. Sale in Mandi:

The third form of agricultural marketing in India is to sell the surplus produce through mandis located in various small and large towns. There are nearly 1700 mandis which are spread all over the country. As these mandis are located in a distant place, thus the farmers will have to carry their produce to the mandi and sell those produce to the wholesalers with the help of brokers or

‘dalals’. These wholesalers of mahajans again sell those farm produce to the mills and factories and to the retailers who in turn sell these goods to the consumers directly in the retail markets.

4. **Co-operative Marketing:**

The fourth form of marketing is the co-operative marketing where marketing societies are formed by farmers to sell the output collectively to take the advantage of collective bargaining for obtaining a better price.

Defects of Agricultural Marketing in India:

Following are some of the main defects of the agricultural marketing in India:

1. **Lack of Storage Facility:**

There is no proper storage or warehousing facilities for farmers in the villages where they can store their agriculture produce. Every year 15 to 30 per cent of the agricultural produce is damaged either by rats or rains due to the absence of proper storage facilities. Thus, the farmers are forced to sell their surplus produce just after harvests at a very low and un-remunerative price.

2. **Distress Sale:**

Most of the Indian farmers are very poor and thus have no capacity to wait for better price of his produce in the absence of proper credit facilities.

Farmers often have to go for even distress sale of their output to the village moneylenders-cum-traders at a very poor price.

3. **Lack of Transportation:**

In the absence of proper road transportation facilities in the rural areas, Indian farmers cannot reach nearby mandis to sell their produce at a fair price. Thus, they prefer to sell their produce at the village markets itself.

4. **Unfavourable Mandi:**

The condition of the mandis is also not at all favorable to the farmers. In the mandis, the farmers have to wait for disposing their produce for which there is no storage facilities. Thus, the farmers will have to take help of the middleman or dalal who take away a major share of the profit, and finalizes the deal either in his favour or in favour of arhatiya or wholesalers. A study made by D.S. Sidhu revealed that the share of middlemen in case of rice was 31 per cent, in case of vegetable was 29.5 per cent and in case of fruits was 46.5 per cent.

5. **Intermediaries:**

A large number of intermediaries exist between the cultivator and the consumer. All these middlemen and dalals claim a good amount of margin and thus reduce the returns of the cultivators.

6. Unregulated Market's:

There are huge numbers of unregulated markets which adopt various malpractices. Prevalence of false weights and measures and lack of grading and standardization of products in village markets in India are always going against the interest of ignorant, small and poor farmers.

7. Lack of Market Intelligence:

There is absence of market intelligence or information system in India. Indian farmers are not aware of the ruling prices of their produce prevailing in big markets. Thus, they have to accept any un-remunerative price for their produce as offered by traders or middlemen.

8. Lack of Organization:

There is lack of collective organization on the part of Indian farmers. A very small amount of marketable surplus is being brought to the markets by a huge number of small farmers leading to a high transportation cost. Accordingly, the Royal Commission on Agriculture has rightly observed, "So long as the farmer does not learn the system of marketing himself or in cooperation with others, he can never bargain better with the buyers of his produce who are very shrewd and well informed."

9. Lack of Grading:

Indian farmers do not give importance to grading of their produce. They hesitate to separate the qualitatively good crops from bad crops. Therefore, they fail to fetch a good price of their quality product.

10. Lack of Institutional Finance:

In the absence of adequate institutional finance, Indian farmers have to come under the clutches of traders and moneylenders for taking loan. After harvest they have to sell their produce to those moneylenders at unfavorable terms.

11. Unfavorable Conditions:

Farmers are marketing their product under adverse circumstances. A huge number of small and marginal farmers are forced by the rich farmers, traders and moneylenders to fall into their trap to go for distress sale of their produce by involving them into a vicious circle of indebtedness. All these worsen the income distribution pattern of the village economy of the country.

Remedial Measures for Improvement of Agricultural Marketing:

Improvement of the agricultural marketing in India is utmost need of the hour.

The following are some of the measures to be followed for improving the existing system of agricultural marketing in the country:

- (i) Establishment of regulated markets.
- (ii) Establishment of co-operative marketing societies.
- (iii) Extension and construction of additional storage and warehousing facilities for agricultural produce of the farmers.
- (iv) Expansion of market yards and other allied facilities for the new and existing markets.
- (v) Provision is made for extending adequate amount of credit facilities to the farmers.
- (vi) Timely supply of marketing information's to the farmers.
- (vii) Improvement and extension of road and transportation facilities for connecting the villages with mandi.
- (viii) Provision for standardization and grading of the produce for ensuring good quality to the consumers and better prices for the farmers.
- (ix) Formulating suitable agricultural price policy by the Government for making a provision for remunerative prices of agricultural produce of the country.

CONCLUSION-

The agricultural marketing plays a vital role in easy way agro produce distribution to the customers. Like all the marketing activities. it also aims in profit making. it helps the farmers to reach their customers within very short lead time.

In order to avoid isolation of small-scale farmers from the benefits of agricultural produce they need to be integrated and informed with the market knowledge like fluctuation, demand and supply concepts which are the core of economy.

SUGGESTIONS FOR IMPROVEMENT OF AGRICULTURAL MARKETING

1. Elimination of Mediators

The elimination of mediators is necessary from agricultural marketing, because unless the farmer is allowed the facility of direct sales to the customer, he cannot receive a fair price for it. Thus, with the elimination of mediators, 'consumer grain centers' should be established where the farmer sells his produce.

2. Use of Standard Weight

For improving agricultural marketing standard weights are specifically required, these should be manufactured and organized by the government. If, any defect in weights is reported, strict punishment system should be started so that, there should be no fraud in marketing. This would not only improve the marketing system but the fraudulent tendencies of the traders would also be restricted.

3. Loan Facilities

In villages loans for the farmers are arranged by well-up people, moneylenders etc., who also make a deal of their produce and exploit them on its basis. If, the government establishes banks, cooperative societies or other financial organizations then this problem can be solved. The farmers in the villages should also be encouraged to spend economically and save money so that at the time of need they get money from their savings. By this, the farmers would not sell their produce in a hurry and get full profits out of it.

4. Development of Means of Transport

The backbone of agricultural marketing is means of transport. Thus, such roads should be constructed in rural areas which remain capable of transportation during all seasons. The tire made bullock carts, diesel or patrol trucks or tractors should be available in rural areas. Similarly, rail and water transport development is also necessary, keeping in view the marketing of agricultural produce, so that the grains and other perishable products can be quickly sent to the market.

5. Publicity of Market Policies

Sufficient arrangements should be made for the transmission of the authorized prices of agricultural produce and quantity of production etc. so that the facts relating to agricultural marketing can be put before the concerned parties.

6. Training Facilities

For the improvement of agricultural marketing, it is necessary that arrangements are made for the appropriate training of the employees related to marketing administration. Training with regard to the system of controlled markets etc., is very important for the improvement of agricultural marketing.

7. Regulation of 'Mandis'

To provide a fair price to the farmers for their produce in the mandis, 'organized mandis' should be established by the government, appropriate arrangements should be made in these mandi-markets for weighting, storage, transport etc. and the farmers should also be given regularly powers in it.

8. Market Survey

The Indian government should establish Marketing and Inspection Directorate for

market survey, which collect useful data relating to production, consumption, export, demand price level, standardization, distribution system etc. and publishes them from time to time.

9. Stores Management

The Indian government has established The All India Storage Corporation realizing the importance of storage. The object of this corporation is to establish stores in villages; cooperative societies are instructed to organize the stores system. For this they are provided additional, technical and financial assistance.

10. Grading and Standardization of Products

Though the Agricultural Production Act was passed in 1937 for standardization etc. of agricultural products, still no recognizable progress has been made in this direction. For making an effective system of expansion of the activity of gradation and quality control, laboratories should be established. A central laboratory was established in Nagpur and provisional laboratories were established in Madras, Kanpur, Rajkot, Amritsar, Calcutta and Mumbai but these should be situated in small villages and not in big towns.

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