



AGRICULTURAL MARKETING IN INDIA – AN OVERVIEW

Asiya Jabeen¹, Seema Jabeen²

¹Assistant Professor, Indira Priyadarshini GDC for Women, Nampally

²Lecturer, TTWREI, Jangaon

ABSTRACT

The paper deals with the concepts related with the marketing of agricultural produce. It covers the function performed in the marketing process of agro produce, the functionaries involved, problems in agricultural marketing in developing countries when compared to the developed countries and the reforms required to rectify the problems. Our country is endowed with a good degree of ethnic and regional diversity. About three-fourth of the total population resides in the rural areas and majority of them are dependent upon agriculture for their subsistence. Agriculture contributes about 24.7% to the Gross Domestic Product (GDP) of the country. It also contributes about 13.1% to the total Indian exports. This sector provides employment to 58.4% of the country's workforce and livelihood to more than 650 million people. Despite this fact, the condition of these people has not shown any significant improvement. Agriculture is the dominant sector of Indian economy, which determines the growth and sustainability. About 65 per cent of the population still relies on agriculture for employment and livelihood. So the main aim of this paper is to present, what are the challenges and Present Constraints in the Agriculture Marketing in India.

KEY WORDS: Agro produce, Marketing, Functionaries

INTRODUCTION

Agricultural marketing consist of two major concepts viz., “agriculture” and “marketing”. The first concept agriculture aims at producing the agro food products with the use of natural factors for the welfare of human. It is fully depends on natural processing. The second concept marketing refers to the activities that are done by the business organizations to promote their products and services to their targeted customers.

Agricultural marketing covers the services involved in moving an agricultural product from the farm to the consumer. Numerous interconnected activities are involved in doing this, such as planning production, growing and harvesting, grading, packing, transport, storage, agro- and food processing, distribution, advertising and sale. Some definitions would even include “the acts of buying supplies, renting equipment, (and) paying labor”, arguing that marketing is everything a business does. Such activities cannot take place without the exchange of information and are often heavily dependent on the availability of suitable finance. Marketing systems are dynamic; they are competitive and involve continuous change and improvement. Businesses that have lower costs, are more efficient, and can deliver quality products, are

those that prosper. Those that have high costs, fail to adapt to changes in market demand and provide poorer qualities are often forced out of business. Marketing has to be customer-oriented and has to provide the farmer, transporter, trader, processor, etc. with a profit. This requires those involved in marketing chains to understand buyer requirements, both in terms of product and business conditions. In marketing the targeted customers can be attracted and maintained by creating strong customer values for them in the organization. It is possible through, effective market survey, market trending, better customer service and satisfaction, customer focus and continuous follow up. The concept agricultural marketing includes many activities starts from production process till its retailing. The activities involved are production planning, cropping and harvesting, warehousing, grading, transportation and final distribution. There are varieties of agro products which are produced with dual purpose of domestic consumption as well as exporting. In the chain of agricultural marketing number connecting links such as farmers, suppliers, functionaries, importers, exporters, external beneficiaries and customers are involved.



DEFINITION OF AGRICULTURAL MARKETING

According to the National Commission on Agriculture (XII Report, 1976), agricultural marketing is a process which starts with a decision to produce a saleable farm commodity, and it involves all the aspects of market structure or system, both functional and institutional, based on technical and economic considerations, and includes pre- and post-harvest operations, assembling, grading, storage, transportation and distribution.

FUNCTIONARIES IN AGRICULTURAL MARKETING

Functionaries' involvement in agricultural marketing has categorized under three market stages. They are functionaries in:

- Primary market
- Secondary market
- Terminal or Export market

Primary market functionaries: The producer/farmer/cultivator, pre-harvest contractor, itinerant merchants, transport agents.

Secondary market functionaries: Financial agents and processing agents are involved in secondary market in addition to primary market functionaries.

Terminal or Export market functionaries: In addition to primary and secondary market functionaries commercial analyst and shipping agents are also involved in this market stage.

FUNCTIONS OF AGRICULTURAL MARKETING

The major marketing functions involved in agricultural marketing are:

- Concentration
- Grading
- Processing
- Warehousing
- Packaging
- Distribution

Concentration: The foremost function to be performed in agricultural marketing is to collect the agro produce ready to sale in a central place for economic buying purpose.

Grading of Agro Produce: It is the process of segregating the produce into different categories, on the basis of variety, quality, size, etc. This can help to establish standards for those produce.

Processing: It is the stage where the farm products are transformed into consumable products. For example: paddy into rice processing.

Warehousing: Storing the products from production till its final consumption. This helps to preserve the products from spoil, contamination, etc.

Packaging: Packaging of products is another essential function for easy handling, preventing from deterioration, attracts customers, etc.

Distribution: The last function performed in all marketing is distribution of products from the place of warehouse to retail outlet for final consumption.

IMPORTANCE OF AGRICULTURAL MARKETING

- Break the vicious circle of poverty
- Optimum utilization of agricultural resources
- Enhance the standard of living
- Basis of employment opportunity
- Basis of industrial development
- Creation of utilization
- Basis of foreign trade
- Source of national revenue
- Create the environment for investment

PROBLEMS IN AGRICULTURAL MARKETING IN DEVELOPING COUNTRIES

Product Quality: Many of the farmers are not aware of the need for quality seeds and fertilizers. The poor quality seeds and fertilizers used in land will result in poor product quality.

Market Information: The literacy rate of farmers in developing countries are comparably low than the developed countries. The farmers of developing countries may not have the updated knowledge of the market trend and activities. Hence they may unable to achieve the real price of their product.

Product Quantity: In some places improper measuring of products are still in practice. This will result in loss for the farmers at the time of buying or selling of agro produce.

Functionaries Participation: The functionaries in the marketing process hold a major share of profit in the form of commission. Lack of Transportation Facility: Many of the rural areas don't have proper road facility. This creates barrier in transporting the agro produce to the market place.



Inadequate Storage Facility: The inadequacy of storage facility may leads to unwanted wastage of products.

REMEDIAL MEASURES

- Make arrangement for education and awareness program for rural farmers in order to improve their knowledge in improving agro produce and its marketing process. These programmes will help to educate the farmers in usage of quality inputs, online help for productivity improvement, etc.
- Implement the rural development program in fast track to develop the infrastructural facilities such as road facility, communication facility, electricity, etc., in rural areas. This will help for easy transportation of agro produce to the market place.
- Creation of direct contact network between the farmers and customers will help in reduce the so much functionaries involvement and also to reduce the unnecessary brokerage or commission to the functionaries. This may increase the profit of the farmers. This can be possible by creating local outlets in villages.
- It is essential to provide subsidized power supply and loans to the farmers as the expenses towards power consumption takes considerable amount of investments.

Objectives of the study

1. To study the Methods of Sale and Marketing Agencies.
2. To analyze the objectives and challenges of Agricultural Marketing in India
3. To review the Present Constraints and Reforms Agricultural Marketing

Data collection:

Data is purely on secondary sources. The data collected mainly websites, annual reports, research reports, Already conducted survey analysis.

Objectives of an efficient Agricultural Marketing

- To enable the primary producers to get the best possible returns.
- To provide facilities for lifting all produce, the farmers are willing, to sell at an incentive price.
- To reduce the price difference between the primary producer and ultimate consumer.
- To make available all products of farm origin to consumers at reasonable price without impairing on the quality of the produce.

Challenges of Present Marketing System

1. Improper warehouses
2. Lack of grading and standardization
3. Inadequate transport facilities
4. Presence of a large number of middlemen
5. Malpractices in unregulated markets
6. Inadequate market information
7. Inadequate credit facilities

Methods of Sale and Marketing Agencies

1. **Under cover or the Hatta System:** Under this system, the sale is affected by twisting or clasping the fingers of the seller's agent under cover of a cloth. The cultivator is not taken into confidence until the final bid is cleared.
2. **Open auction system:** under this system the agent invites bids for the produce and to the highest bidder the produce is sold.
3. **Dara system:** Another related system is to keep the heaps of grains of different quantities and sell them at fiat rates without indulging in weightment etc.
4. **Moghum sale:** Under this system, sale is based on the verbal understanding between buyers and sellers and without mentioning the rate as it is understood that the buyers will pay the prevailing rate.
5. **Private agreement:** The seller may invite offers for his produce and may sell to one who might have offered the highest price for the produce.
6. **Government purchase:** The government agencies lay down fixed prices for different qualities of agriculture commodities. The sale is affected after a gradual processing for gradation and proper weightment. This practice is also followed in co-operative and regulated markets.
7. **Marketing agencies:** The various agencies engaged in the marketing of agricultural produce can be classified into two categories, viz., (i) government and quasi private agencies like the co-operative societies and (ii) private agencies. A chain of middlemen may be found operating both in Government and private agencies.

Agricultural Marketing in India

1. **Sale to moneylenders and traders:** A considerable part of the total produce is sold by the farmers to the village traders and moneylenders. According to an estimate 85% of wheat, 75% of oil seeds in U.P., 90% of jute in West Bengal and 60% of wheat, 70% of oil seeds and 35% of cotton in Punjab are sold by the farmers in the villages themselves.
2. **Hats and shanties:** Hats are village markets often held once or twice a week, while shanties are also village markets held at longer intervals or on special occasions. The agents of the wholesale merchants, operating in different mandies also visit these markets. The area covered by a "hat" usually varies from 5 to 10



miles. Most of “hats” are very poorly equipped, are uncovered and lack storage, drainage, and other facilities. It is important to observe that only small and marginal farmers sell their produce in such markets.

3. Mandies or wholesale markets: In such mandies, business is carried on by arhatiyas. The farmers sell their produce to these arhatiyas with the help of brokers, who are generally the agents of arhatiyas. Because of the malpractices of these middlemen, problems of transporting the produce from villages to mandies, the small and marginal farmers are hesitant of coming to these mandies. The arhatiyas of these mandies sell off the produce to the retail merchants. However, paddy, cotton and oilseeds are sold off to the mills for processing. The marketing system for sugarcane is different.

4. Co-operative marketing: To improve the efficiency of the agricultural marketing and to save farmers from the exploitation and malpractices of middlemen, emphasis has been laid on the development of co-operative marketing societies.

Improvement of Agricultural Marketing System

Government of India has adopted a number of measures to improve agricultural marketing, the important ones being - establishment of regulated markets, construction of warehouses, provision for grading, and standardization of produce, standardization of weight and measures, daily broadcasting of market prices of agricultural crops on All India Radio, improvement of transport facilities, etc.

1. Marketing surveys: In the first place the government has undertaken marketing surveys of various goods and has published these surveys. These surveys have brought out the various problems connected with the marketing of goods and have made suggestions for their removal.

2. Grading and standardization: The government has done much to grade and standardize many agricultural goods. Under the Agricultural Produce (Grading and Marketing) Act the Government has set up grading stations for commodities like ghee, flour, eggs, etc. The graded goods are stamped with the seal of the Agricultural Marketing Department -AGMARK the “Agmark” goods have a wider market and command better prices.

3. Organization of regulated markets: Regulated markets have been organized with a view to protect the farmers from the malpractices of sellers and brokers. The management of such markets is done by a market committee which has nominees of the State Government, local bodies, arhatiyas, brokers and farmers. Thus all interests are represented on the committee. These committees are appointed by the Government for a specified period of time. The functions are follows. a. fixation of charges for

weighing, brokerages etc., b. prevention of unauthorized deductions, underhand dealings, and wrong practices by the arhatiyas, c. enforcing the use of standardized weights, d. providing up to date and reliable market information to the farmers, and e. settling of disputes among the parties arising out of market operations.

5. Dissemination of market information: The government has been giving attention to the broadcasting of market information to the farmers. Since most villages have radio sets, these broadcasts are actually heard by farmers. The newspapers also publish agricultural prices either daily or weekly accompanied by a short review of trends.

6. Directorate of marketing and inspection: The directorate was set up by the Government of India to co-ordinate the agricultural marketing of various agencies and to advise the Central and State Governments on the problems of agricultural marketing. Activities of this directorate include the following.

- a. promotion of grading and standardization of agricultural and allied commodities;
- b. statutory regulation of markets and market practices;
- c. training of personnel;
- d. market extension;
- e. market research, survey and planning

7. Government purchases and fixation of support prices: In addition to the measures mentioned above, the Government also announces minimum support price for various agricultural commodities from time to time in a bid to ensure fair returns to the farmers. These prices are fixed in accordance with the recommendations of the Agricultural, Price Commission.

Present Constraints in the System: The purpose of state regulation of agricultural markets was to protect farmers from the exploitation of intermediaries and traders and also to ensure better prices and timely payment for their produce. Over period of time, these markets have, however, acquired the status of restrictive and monopolistic markets, providing no help in direct and free marketing, organized retailing and smooth raw material supplies to agro-industries.

Need for Reforms: The agriculture sector needs well-functioning markets to drive growth, employment and economic prosperity in rural areas of India. In order to provide dynamism and efficiency into the marketing system, large investments are required for the development of post-harvest and cold-chain infrastructure nearer to the farmers’ field. A major portion of this investment is expected from the private sector, for which an appropriate regulatory and policy environment is necessary.



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 fluctuations, demand and supply concepts which are the core of economy. Conclusion A good marketing system is one, where the farmer is assured of a fair price for his produce and this can happen only when the following conditions are obtained. The number of intermediaries between the farmer and the consumer should be small; the farmer has proper storing facilities so that he is not compelled to indulge in distress sales, Efficient transport facilities are available; the malpractices of middlemen are regulated, Farmers are freed from the clutches of village moneylenders and Regular market information is provided to the farmer.

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