

# OPPORTUNITY OF MARKETING OF AGRICULTURAL PRODUCES AT PRESENT INDIA

1. Sandip Roy Chowdhury (Research Scholar – GITAM University; Visakhapatnam)
2. Dr. R.Venugopal Rao ( Associate Professor – GITAM University; Visakhapatnam)

## ABSTRACT

Agriculture is considered to be the most important pre-requisite for the economic growth of most of the country in the world. If we consider the history of any developed country of the world then we see that agriculture and industry are not alternative but complementary to each other to create demand. Agricultural development is always very essential for overall industrial development of any country. So developing country like India where near about 80% people are dependent on agriculture and 30% of their natural income come from agriculture. So, development of agriculture has become quite essential for economical development. At present several liberalisation and globalisation strategies and market condition help to increase agricultural productivity with increase government revenue.

The opportunity of agricultural produces marketing at present economic conditions in India have been increased abruptly and as almost 80% of people are associated with agriculture and its allied activities at village level so naturally its importance cannot be avoided. The need for marketing relating to agricultural activities require change relating to the interest of the producers, market functionaries (like wholesalers, retailers), consumers desirability etc. Here require a proper functional blending between farmers and business men who will market the agricultural products directly to the customers in a large scale. So, to do this government has to enact laws regulating the functioning of the agricultural marketing system and meanwhile government of India has already passed several laws relating to the functioning of this aspect. It is quite justifiable that the farmers who are producing grains should get the major share in the pricing process and the consumer should derive optimal satisfaction for the price they pay. In case of agricultural marketing opportunity there need the protection of several intermediaries like processors, wholesalers, commission agents and several market functionaries. A well framed marketing system evolves the opportunities of agricultural marketing in present economic situation. In this paper an attempt is made to examine the current agricultural marketing opportunities and to analyze the problems encountered in the process. In this study the information is collected mainly from secondary sources but primary information is also collected from some direct interaction with different sources.

**Key words:** Opportunity, Marketing, Agriculture, Infrastructure, Produce etc.

## Introduction

Agricultural sector is considered to be the most vital sector in Indian economy. After independence agriculture and industry both are working together for the overall development of Indian economy and the people related to these sectors. Agriculture is not only the main source of livelihood of major portion of people but also it helps million of Indian for industrial development. Major portion of Indian population is mainly dependent on agricultural produce. The Pradhan Mantri Fasal Bima Yojna (Crop insurance) in June 2016, Energy Efficient Irrigation Systems, Minimum Support price (MSP) for agricultural products help to market the product easily.

Agriculture is considered to be major source of earning for the majority people of India. In the view of Mahatma Gandhi India's development and poverty alleviation highly dependent on the development of rural villages which should have to be given priority. Rural people live their livelihood from agriculture which is their primary source of income. Cultivation of different kind of agricultural products and its processing are considered to be major sources of employment generation in the rural villages. Two third of the country's population who earn their livelihood from agricultural fields mitigate their non agricultural product demands from inside or outside of the country from the earning of agriculture only. Indian agriculture which contributed to 51% to the GDP in the 1950's and in the year 2018 it became all time low at 14%. The problem relating to the agricultural sector is not productivity, but it is the lack of interest and motivation on the part of farmers to cultivate due to insufficient and scarce incomes generated by cultivation.

Therefore, agriculture is considered to be very important for the country's economic development. With liberalisation and globalisation and adoption of various agriculture friendly strategies by government for the development of market and storing facilities from social and economic point of view, this sector is contributing increased output of the country.

## Requirement of proper infrastructure for marketing agriculture produce

For any kind of operation relating to product marketing plays a vital role and actually production and marketing both are interrelated. If the level of production of every product increases then obviously unit cost of the product will reduce and as a result of it purchasing ability of the people will increase automatically. It has been seen that

integrated competitive situation and proper effective marketing system benefiting both producers and consumers.

After the world trade organisation treaty marketing has got higher importance in the world market. Earlier Indian market used to suffer from severe constraints like high costs and margins, existence of many middle men, insufficient infrastructure facilities both in production areas and marketing process, transportation or logistics systems and above all inventory process of agricultural products. Nowadays, there have been huge improvements in all these sectors especially cold store facilities.

As agriculture is considered to be one of the main aspects of Indian gross domestic product (GDP) and national income (NI) calculation, so it's marketing aspect is also considered to be very vital and almost 80% people directly or indirectly dependent on agricultural income. The need of change of marketing aspects relating to agriculture requires abrupt change for the requirement of producers and different logistic intermediaries like wholesalers, retailers, consumers etc. In order to maintain the farmers interest government has enacted three laws recently to regulate the functioning of the agricultural marketing system.

At present agricultural productivity all over India is increasing day by day due to multiple crop cultivation system in the same land in a year. So, to keep the excess agricultural productivity through proper inventory system and also to gear up the marketing mechanism there need a proper strategy by which farmers would able to sell their agricultural products. It is seen that due to proper education and guidance agricultural farmers are not being able to respond effectively to meet the continuously increasing market demand. Here constant watching of the working system is essential and required effective steps can be taken to check the unexpected deviation relating to the functioning of the system. The need of agricultural marketing has been highlighted in different five years plans till now mainly because of contribution in national income.

### **Actual benefits of agricultural marketing**

**Role of Indian Economy:** - Any manufacturing or productive organisation highly dependent on the proper functioning of its marketing and proper marketing is essential for effective functioning of an economy. Nowadays agriculture has become highly dependent on the sale of produce and purchase of inputs and consumer goods.

Farmers are becoming more market oriented willing to have more cash in hand by selling their surplus produce. A good marketing system assures farmers that his produce will be taken off the field. A proper marketing system of agricultural produce indicates the type of demand for goods exist in the market and quantity needed for supply and as a result of

it optimum utilization of land increases. A perfect, proper and suitable marketing system helps to build a link between agricultural produce and buyer which also help to fulfil the needs of the farmers and the buyers.

**Growth of overall Economy:** - Any country which has planned and structured marketing system in agricultural product selling that always help in the overall development of that country. As agriculture plays the most prominent role in Indian economy so there need many steps relating to its marketing activities, like –

- a) Progressive agricultural productivity can be inspired by transmitting more quickly through a proper well designed market set up. As nowadays technological advancement playing a vital role in increase productivity so circulation of modern knowledge and adoption of latest technologies in productivity among the farmers is very essential. After green revolution it has got a different height in marketing process.
- b) A properly designed marketing system helps in maximising the growth in the agriculture sector. Strategic marketing system provides profitable opportunities to the producer to produce a variety of products and here contract farming plays a vital role.
- c) A strategic marketing system can help to organise the surplus agricultural productivity for exports which can be used for non agricultural industrial sectors for different kind of products.
- d) A well planned strategic marketing system can help to reduce the cost per unit of traded products. It will also be effective for both old and new products for its existing and new demands. This will help the farmers to earn more from their surplus products.
- e) The opportunity to earn more profit will increase automatically and as a result of it more foreign demand will generate for the domestic produces. This is considered to be very essential for the Indian market at present where the impact of globalisation is quite visible.

### **Benefits related to society**

A well structured marketing system helps in promoting the well being of the people of the society. In planned agricultural marketing farmers are considered to be the first and foremost beneficiary and they should get the highest possible price for his produce. The farmers will also consider producing those goods which will provide maximum revenue to him. It is the nature and trend of nowadays agricultural farming and also the contract farming. A planned strategic marketing system always try to keep align properly the agricultural prices with those of non-agricultural prices. A perfect and organised

marketing system is always expected to be helpful to the non-agriculturists for in case of paying the agricultural goods and services and right prices for the sale of his non-agricultural goods. This shows the optimality in trading and efficiency identification. Here the different marketing intermediary which plays the pivotal role benefits both the producer and consumer.

### **Marketing system related to Agricultural products**

Reforms in marketing highly depend on the basic functioning of the market at lower level. At present marketing system is divided in five parts. In the **first part** farmers bring the produce at the market during the cultivation seasons. Then in the **second part** products are heaped in piles in different places according to the qualitative differences. The **third part** is related with the traders where traders coming to the market prepare a list of different prices which they offer for the marketed commodities piled by the farmers. The **fourth part** is consisting with the bidders and the highest bidder gets the assignment of the product. Finally, in the **fifth part** the trader finalises the transaction and purchase the produce. In some states due to contract farming systems and open auction system is followed.

### **Implication of different Marketing Channels in Agricultural Marketing**

As agricultural products are naturally produced in remote villages of India but demand for these products are mainly exists in urban and semi urban areas. So there need a proper transportation to reach these agricultural products from remote village sides to the furthest urban sides in the hands of consumers with having proper systematic hazard free supply chain networking system. Good effective marketing channels are always effective to carry on process and it is considered to be a good multiplier for volume sales and overall economic development of the country.

Agricultural marketing mainly follows four ways of operation –

- i) Directly farmers to consumers
- ii) Through public agencies or cooperatives
- iii) Through private wholesalers and retailers
- iv) Through specific process

It is not possible that all kinds of agricultural products would be marketed by utilising by through these kind of operating ways only. It may be based on –

- a) The nature of the products i.e. whether products are perishable or non-perishable. Fruits, milk, vegetables, flowers etc. are within this consideration.

- b) Availability of cold storage or preservation facilities for the agricultural produce.
- c) Variation in distance between producers and consumers.
- d) Bulk in size but light in weight can be consideration of logistic operation like cotton.

## Various products based marketing channels

### 1. Different kind of vegetable products

For village sale: Producer/Farmer → Consumer

For local market sale: Producer/Farmer → Retailer → Consumer

For remote market sale: Producer/Farmer → Trader → Commission agent → Retailer → Consumer

: Producer/Farmer → Commission agent → Retailer → Consumer

: Producer/Farmer → Primary wholesaler → Secondary wholesaler → Retailer → Consumer

: Producer/Farmer → Pre-Harvest Contractor → Consumer

### 2. Different kind of fruit products

For village sale: Producer/Farmer → Consumer

For local market sale: Producer/Farmer → Trader → Consumer

For remote market sale: Producer/Farmer → Pre-Harvest Contractor → Commission agent → Retailer → Consumer

: Producer/Farmer → Commission agent → Retailer → Consumer → Commission agent → Secondary Wholesaler → Retailer → Consumer

### 3. Different kind of rice and wheat products

For village sale: Producer/Farmer → Miller → Consumer

For local market sale: Producer/Farmer → Miller → Retailer → Consumer

For remote market sale: Producer/Farmer → Wholesaler → Miller → Retailer → Consumer

: Producer/Farmer cum wholesaler → Retailer → Consumer

: Producer/Farmer → Village Merchant → Miller → Retailer → Consumer

: Producer/Farmer → Government Procurement → Miller → Retailer → Consumer

#### 4. Different kind of other food grain products

For village sale: Producer/Farmer → Consumer

For local market sale: Producer/Farmer → Village Merchant → Consumer

For remote market sale: Producer/Farmer → Wholesaler cum Commission agent →  
Retailer → Consumer

: Producer/Farmer → Primary Wholesaler → Miller →  
Consumer

: Producer/Farmer → Government Procurement  
→ Retailer → Consumer

: Producer/Farmer → Government Procurement → Miller →  
Retailer → Consumer

#### 5. Different kind of allied and cotton products

For village sale: Producer/Farmer → Village Merchant → Wholesaler/Ginning  
Factory → Wholesaler in Lint → Textile Mill

For local market sale: Producer/Farmer → Primary Wholesaler → Ginning Factory →  
Secondary Wholesaler → Consumer

For remote market sale: Producer/Farmer → Government Agency → Ginning  
Consumer

: Producer/Farmer → Primary Wholesaler → Miller →  
Consumer

: Producer/Farmer → Trader → Ginning Factory →  
Wholesaler in Lint → Consumer

: Producer/Farmer → Trader → Ginning Factory →  
Wholesaler → Retailer → Consumer

The ratio of circulation of these channels in operation depends on the total market surplus and varies from commodity to commodity. The opportunity of marketing and structural formation for different kind of agricultural produce differs according to the region, product and demand for product.

#### Barriers related to Agricultural Marketing

There are many difficulties related to agricultural marketing till now and these should have to be identified and required steps would have to be taken accordingly. It is often seen that agricultural farmers are not being able to sell their produce profitably due to many problems related to marketing process. Many farmers fall in the trap of money lenders or different private money lending financial agencies often provide loan to the farmers in the name of carrying out the agricultural operations. Most of the cases this money taken by the farmers does not utilise for productive purposes but they compel to

use for personal or family ceremonial needs which are considered to be highly unproductive in reality. As these expenditures do not generate any income so naturally and they are unable to repay the loan instalments and automatically fall in the debt trap. Being unable to repay the loan most of the cases farmers often commit suicide. Therefore, to protect the farmers from committing suicide, there need some rules on the part of the government by identifying the problems in streamlining the agricultural marketing. There need a deep introspection relating to this problem and related constraints of agricultural marketing and proper remedial measures should have to be taken by the government to overcome the problems and to transform the constraints into proper prospects.

The major problems which are often seen in agricultural marketing in different states of India –

- a) Problems relating to different market rules and regulation implemented by different states
- b) Due to lack of proper management and control over agricultural markets
- c) Due to lack of proper linkage between village to market and also between market to market
- d) Lack of exact market promotional activity within the regulated markets
- e) Difficulties related to grading, storing, transportation, packaging, lack of proper market information, Lack of proper auction place to different places of the villages
- f) Problem of having proper adopted required marketing technology and infrastructural network for individual market and different crops for futuristic market
- g) Lack of having proper well developed infrastructural support and creation of proper facilities marketing of different agricultural produce
- h) Lack of having proper marketing opportunities for perishable and horticultural commodities
- i) Difficulties in setting pricing of agricultural products specially setting post harvest pricing of different products
- j) Problem of developing proper air linkages with abroad for export of different kinds of agricultural produce
- k) Lack of organic farming opportunities and government interference to create more organic farming facilities
- l) Lack of interest by the major part of the farmers due to insufficient and scarce income generated by cultivation
- m) Lack of having proper market information in and outside the country relating to price, demand, productivity etc.



## Effective suggestions and required conclusions

As agricultural sector is considered to be one of the most important sectors for economic development of India so naturally several effective measures are required to be taken for the proper, strategic progress of its marketing opportunities. Therefore, to do this there need elimination of unwanted activities, inclusion of required activities, different kind of necessary arrangements related to the utilisation of proper strategic marketing opportunities, so that the rural deprived Indian farmers can be benefited ultimately.

Therefore, to improve the agricultural marketing, there needs several initiatives for the overall and fast effective growth of agricultural sector, like –

- a) There need proper enactment of laws for regulating the agricultural markets and government should focus on it
- b) Modification of transport systems should have to be done by Government rampantly
- c) Proper liberalised productive financial help for agricultural marketing by government and different financial institutional agencies
- d) Controlling scrupulous moneylenders by the government and taking strong actions against them for doing any kind of wrong activities with the farmers
- e) The website should have to be created both by every state government and central government itself such that farmers get proper information related to agricultural products, price, different markets, marketing opportunities etc.
- f) Formation of cooperatives and intervention of local bodies are required to build proper infrastructural facilities for agricultural marketing. There need enough cold storage facilities, market yards, grading facilities, processing facilities, waste dumping areas etc.
- g) As the intensity and need of organic farming is increasing day by day so there need proper facilities and implementation of organic farming opportunities.
- h) There need choosing of conveners among the farmers who are qualified and trained through personal computers that will help to gather different information relating to daily mandi practices, global prices, weather forecasts, best practices for farming, water and soil test processes etc.
- i) Selling the product directly at the collection centres for cash that help to get better prices by the farmers than what they used to receive from collection, procurement
- j) Influencing farmers for exporting their produce by providing them good collecting facilities, building cooperative storing (cold storage) at every village level
- k) Gradation of all kind of agricultural commercial and non commercial products by the government to get proper market demand inside and outside the country and to do that establishment of grading station every state in the country

It is expected that agricultural farmers must organise and concentrate on their farmers association to create or setting up rural farmers' fund. This fund will help them to meet their every required and wanted facility for effective marketing of their produce with use of effective agricultural technologies. This cooperative formatted fund will also help them to get hard cash by providing them loan when they require purchasing any technical instruments for agricultural productivity like tractor, seed planting machines etc.

## References

1. Agarwal A.N. 'Marketing of Agricultural produce Indian Economy: Problems of development and planning': published by H.S.Puplai for new age international (Pvt) Ltd. : 4835/24, Ansari Road, Daryaganj, New Delhi – 110002 pp. 308.320
2. Sudhir Kumar M.D. Tarit Kumar, Tushar Santi De 'Problems and Prospects of Agricultural Marketing in West Bengal', The International Journal of Agricultural Marketing Vol. 17, No. 1 January - April 2003 pp. 209-203
3. Singh D V and Jagadish C Kharwal 1995 'Components of Vegetable Marketing'.
4. Bisa, G and Vyas, V (2014), 'Study of Infrastructural Status in Agricultural Marketing', Indian Journal of Research, Vol. 4, No. 1, PP. 90
5. Anirbau Biswas (2004), 'Agricultural marketing in India', 13<sup>th</sup> July 2004, pp. 1-4

