

MARKETING OF AGRICULTURAL PRODUCE – AN ANALYSIS

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ABSTRACT

Agricultural development is a pre-requisite for the economic growth of a country. From the history of economic development of the advanced countries, we learn that the process of economic development, agriculture and industry are not alternatives but complementary as they arrange inputs and create demand for each other. The development of Agriculture is not only necessary for the people in developing countries. But is also required for their overall advancements through industrial development. Therefore, for developing country like India where 75% of the people depend upon agriculture and 30% of the national income is derived from agriculture. Development of agriculture itself become all the more essential. Agriculture, therefore, continues to be vital for a country's economic growth. In the present area of liberalization and globalization of markets, development of agricultural sector is essential from both social and economic points of view, agricultural sector is contributing in the form of increased output of the country.

Agricultural marketing assumes a vital importance in India where more than 75 percent of the population lives in villages and depend on agriculture and allied activities. There is a greater necessity that the marketing aspects relating to Agriculture requires changes so that the interests of producers, processors consumers and the market functionaries such as wholesalers and retailers are met. In order to ensure a happy blend of their interest into a unified whole, the government has to enact laws regulating the functioning of the agricultural marketing system. Hence, it is justifiable that the primary producers should have a greater share, in the price spread, and the consumer should derive optimal satisfaction for the price paid. Apart from the interests of above stated parties, it mandates the protection of interests of several intermediaries like processors, wholesalers, commission agents, and other market functionaries. For doing so a well framed marketing system should be evolved. In this paper an attempt is made to examine the current agricultural marketing system and to analyze the problems encountered in the process. For purposes of the study data is collected from both the sources; majorly from secondary sources and wherever primary information is needed, the author had interaction with the offices concerned.

Keywords: Marketing, Agriculture, Infrastructure, Produce etc.

Introduction:

The agriculture sector is a predominant sector in Indian economy. From times immemorial agriculture and industrial sector are working together for the benefit of the agricultural farmers and for economic progress of the nation, as arranging inputs and

creating demand each other. Agriculture is not only the source of livelihood, but also helps for the overall development of teeming millions India through the industrial development. Therefore, a larger proportion of rural Indians are depending upon agriculture sector.

In this context it is worthwhile to mention the words of Mahatma Gandhi Father of the nation. "India's development is lies with the development of rural villages, and rural villages get salvation from their abysmal poverty when the income from agriculture is improved. Majority of the Indian population, particularly rural inhabitants survival and, for their livelihood, agriculture is the primary source of income. The agricultural cultivation is formed as the hereditary source of employment in the rural villages: Agriculture is the employer of about two third of the country's labour force having the purchasing power for much of the non-agricultural consumer goods and services from within and outside of the country¹.

Agriculture, therefore, continues to be vital for a country's economic growth. In the present area of liberalization and globalization of markets, development of agricultural sector is essential from both social and economic points of view and this sector is contributing in the form of increased output of the country.

Marketing of agricultural produce – need of infrastructure

Marketing is an integral part of the total production programme. Infact, production and marketing systems are practically intertwined. Efficient production ensures lower per unit cost of output making it possible for more number of consumers to buy it. One the other hand, integrated competitive and efficient marketing system turns this possibility in to reality benefitting both the producer and consumer².

Marketing aspect has started gaining higher importance particularly after opening up of economy due to WTO obligation. This necessitates a quick critical appraisal of agricultural marketing system in India which is traditionally suffering from severe constraints like high costs and margins, existence of large number of middlemen, above all, the major obstacle is insufficient infrastructural facilities at production level as well as marketing centres particularly storage and transport draw backs (Gopalem and Gopalan).

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In the context of increasing agricultural production to reach the stage of generating surpluses, there is a need to gear up the marketing mechanism to create appropriate conditions under which the farmer could sell his produce. In the absence of such education, the agricultural production may not respond to meet the continuously increasing demand from the teeming millions. Hence it is necessary to continuously watch working of the system so that effective steps can be taken to check the unwarranted deviation prevailing in the functioning of the system.

The importance of Agricultural marketing has been highlighted even in the five year plans because of its contribution to national economy on several areas.

Agricultural Marketing - Advantages:

Driving Force of Indian Economy: A proper marketing system is the basic essential for a healthy functioning of an economy. If is more so far the Indian Agriculture, which is becoming increasingly dependent upon exchange through the sale of its produce and purchase of inputs and consumer goods.

The number of farmers with surpluses to sell is on the increase along with increasing need for cash. The existence of a good marketing system is an assurance to the farmer that his produce will be taken off the field. Equally importantly such a system will indicate to the farmers the type of goods for which demand exists and the quantities in which these goods are needed. This will help in an optimum use of the land. As such a suitable marketing system will then not only complete the process of production by providing a link between the produce and the buyer, it will also fulfil the needs of the farmers, and the buyers.

Growth of Economy: A good marketing system is helpful in the economic development of the country. As agriculture, which predominates in the Indian economy, has much to contribute to it. Mainly

1. A proper marketing arrangement can organise surpluses from this sector these are required to be used in the non Agricultural sector to feed the Industries and goods for exports.
2. A proper marketing system in its role in a passive form can help much of the cost per unit of the traded product is the least or minimum. This has relevance for both the existing products with existing demands and for the new products with new demands. This stimulates earnings and surpluses in the sphere of production, which in turn act as incentives to producers.
3. The well designed marketing system helps in maximizing the rate of growth of Agricultural sector. In this design it offers profitable opportunities to the producer to produce a variety of products.
4. The profitable opportunities also increase tremendously as the market can bring in the foreign demands at the door steps of the domestic produces. This is of key importance for an economy which is open and out to globalize itself as in the case of India at present.
5. The impulses of progressive Agriculture can also be transmitted more rapidly through a well knitted market set up. This happens because the products, emanating from technologically advanced areas of production. (Such as Green revolution areas in India), when traded, carry with them the modern knowledge and the latest technologies of producing them.

Welfare Considerations: A well designed marketing set up is of considerable help in the promotion of the well being of the people. The first and the foremost beneficiary is the farmer himself. He will get the highest possible price for his produce. He will be induced to produce those goods and in such quantities as bring him the maximum revenue. With marketing will have enough time at his disposal to devote fully to the many tasks of Agricultural operation. A good marketing system will align properly the Agricultural prices with those of non-Agricultural prices³. This will do good and receives, as also to the non-Agriculturists is so far as he is asked to pay the right price for the

agricultural goods and services the right price for the sale of his non-agricultural goods. This promotes efficiency and optional trading scenario.

In order to derive the above discussed benefits, there must be a well developed marketing system with the involvement of less number of marketing intermediaries above all, suitably designed market infrastructure which is regarded as the key element in the process of benefitting the producer and consumer.

Agricultural marketing system

It is necessary to understand the basic functioning of the markets at lower level before one gets in the analyzing the reforms in marketing. The present marketing system involves five stages. As a first step, the farmer brings the produce at the market during harvest season. These are graded by the graders and then heaped in different places in the market which is a second step.

The traders or these representatives enter the market and prepare a list of prices offered to different heaps of the commodities marketing is the third step. The slips are processed and the heaps of commodities are assigned to the highest bidder. Finally, the trader settles the transactions and takes away the produce. In some states even now open auction system is followed.

Marketing Channels:

As it is well understood that the agricultural produce is produced in the remote villages, but the demand for the produce majorly exist at urban and semi-urban areas. For moment of goods from the place of production to the consumption, a proper path is to be selected through which the produce passes and reaches to the consumers. Therefore, a market channel is defined as a path traced in the direct or indirect transfer of title of the product from the hands of producer to consumer. Thus a correct marketing channel is good multiplier for volume of sales and economic development of the country.

Marketing channels for agricultural commodities could be divided in to four broad groups

- i) Direct to consumers
- ii) Through private wholesalers and retailers
- iii) Through public agencies or
or cooperatives
- iv) through process

In addition to above the marketing channels for various agricultural commodities are enlisted. However, it is not one and the same for the all the commodities, it may vary basing on :

1. The nature of produce i.e. perishable and non-perishable, for eg. Fruits, vegetables, milk, flowers etc.
2. Due to bulk and weight for eg. Cotton and Fodder are bulky but light in weight.
3. Preserving and cold storage facilities.
4. Due to abilities of marketing agencies.
5. It may vary because of distance between the producer and consumer.

Kinds of Market Cahnnels:

1. For Rice

For village Sale: Producer → Miller → Consumer

For Local Sale: Producer → Miller → Retailer → Consumer

: Producer → Wholesaler → Miller → Retailer → Consumer

: Producer cum Wholesaler → Retailer → Consumer

: Producer → Village Merchant → Miller → Retailer →
Consumer

: Producer → Govt. Procurement → Miller → Retailer →
Consumer

2. For Other Food Grains

For Village Sale: Producer → Consumer

For Local Sale: Producer → Village Merchant → Consumer

: Producer → Wholesaler cum Commission Agent → Retailer →
Consumer

: Producer → Primary Wholesaler → Miller → Consumer

: Producer → Govt. Procurement → Retailer → Consumer

: Producer → Govt. Procurement → Miller → Retailer → Consumer

3. For Cotton

For Village Sale: Producer → Village Merchant → Wholesaler / Ginning Factory →
Wholesaler in Lint → Textile Mill

For Local Sale: Producer → Primacy Wholesaler → Ginning Factory → Secondary
Wholesaler → Consumer

: Producer → Govt. Agency → Ginning Consumer

: Producer → Trader → Ginning Factory – Wholesaler in Lint → Consumer

: Producer → Trader → Ginning Factory – Wholesaler → Retailer → Consumer

4. For vegetables

For Village Sale: Producer → Consumer

For Local Sale: Producer → Retailer → Consumer

: Producer → Trader → Commission Agent → Retailer → Consumer

: Producer → Commission Agent → Retailer → Consumer

: Producer → Primary Wholesaler → Secondary Wholesaler → Retailer → Consumer

5. For Fruits

For Village Sale: Producer → Consumer

For Local Sale: Producer → Trader → Consumer

: Producer → Pre-Harvest Contractor → Commission Agent → Retailer → Consumer

: Producer → Commission Agent → Retailer → Consumer → Commission Agent → Secondary Wholesaler → Retailer → Consumer

The share of these channels in total marketed surplus varies from commodity to commodity. Marketing structure of the agricultural produce differs according to region and product.

The problems of agricultural marketing

The severe shortcoming of agricultural marketing should be identified and remedial measures are to be initiated. The agricultural farmer is not able to sell his produce profitably because of several barricades in the process of marketing. Many farmers they resort to moneylender, or institutional agencies to take loan on the name of carrying out the agricultural operations, but it is not utilized for productive purposes, rather spending it for consumptional needs, ceremonies marriages etc., which are of unproductive in nature and which does not generate any income to repay the loan installments, inturn which it push a farmer in to debt trap. Due to inability to repay the borrowed amount, quite often, this situation results in death of the farmer. Hence to protect the farmer from

community suicides, it is a mandatory on part of the government to identify the problems in streamlining the agricultural marketing. And an indepth study should be made in to the problem and constraints of agricultural marketing, suggesting appropriate remedial measures to overcome the problems, to transform the constraints in to prospects.

The major problems in the agri-marketing sector in different states has summed up as follows

1. Problems relating to market regulation
2. Problems of market promotion within the regulated markets
3. Problem of development of infrastructural support and creation of facilities for marketing of Agri-produce.
4. Problem of pricing specially post harvest prices
5. Management of agri-markets
6. Problem of village to market and market to market linkages
7. Problem of grading, storing, transportation, packaging, dissemination of market information to farmers, auction sale (developing whole sale auction yards for farmers)
8. Problem of marketing perishable and horticultural commodities.
9. Problem of developing air linkages with abroad for export of agri- produce.
10. Problem of adopting suitable marketing technology and infrastructural network for individual market and crop.

There are many more problems besides the above stated.

Suggestions and Conclusions

Agricultural sector is a vital sector for the development of Indian economy. Hence, necessary arrangements, and elimination of unwanted and inclusion of desired should be made, thereby the rural Indian farmer will be benefited in the process of marketing of Agricultural produce.

With regard to improving the agricultural marketing, certain measures are to be initiated for speedy and justifiable growth of Agri-sector, like:

1. Liberalized productive finance for Agri-marketing by government and institutional agencies.
2. Check the role of moneylenders

3. A special focus to be made on enactment of laws regulating the agricultural markets.
4. Intervention of local bodies and role of cooperatives are to be encouraged in creation of infrastructural facilities for proper agri-marketing like cold storage facilities, market yards, grading facilities, processing facilities etc.
5. A state-owned website should be created for disseminating the market information, more particularly on prices of agricultural produce at different markets.
6. Transportation facilities are to create rampantly.

As a prime partner of agricultural marketing, the agricultural farmers should organize and concentrate on farmers associations, setting up of rural farmers fund, which should best fit to meet their every required and wanted facilities for lucrative marketing of their produce, besides observance of Agri-technology.

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