JETIR.ORG ISSN: 2349-5162 | ESTD Year : 2014 | Monthly Issue
JOURNAL OF EMERGING TECHNOLOGIES AND INNOVATIVE RESEARCH (JETIR)
An International Scholarly Open Access, Peer-reviewed, Refereed Journal

Agricultural Marketing in India: Challenges and Policies

Dr.M. Kulasekhar
Faculty, Department of Economics, Central University of Andhra Pradesh, Ananthapuramu, Andhra Pradesh, India.

Abstract

India is an agricultural country and one third population depends on the agricultural sector directly or indirectly. Agriculture remains as the main stray of the Indian economy since times immemorial. Indian agriculture contribution to the national gross domestic product (GDP) is about 25per cent. With food being the crowning need of mankind, much emphasis has been on adequate production and even distribution of food has of late become a high priority global concern. Agricultural Marketing continues to be the mainstay of life for majority of the Indian population. It contributes around 25% of the GDP and employs 65% of the workforce in the country. The Government of India under the ministry of agriculture has also set up specific commodity Boards and export promotion council for monitoring and boosting the production, consumption, marketing and export of various agricultural commodities.

Index Terms: **Immemorial, Crowning, Global, Gross Domestic Product**

Introduction

Most agricultural commodity markets generally operate under the normal forces of demand and supply. However, with a view to protect farmer's interest and to encourage increased production, the government also fixes minimum support price (MSP) for some crops like Paddy, Wheat, Jute etc. as public policy instruments. Today's agricultural marketing undergo a series of exchanges or transfers from one person to another before it reaches the consumer. There are three marketing functions involved in this, i.e., assembling, preparation for consumption and distribution. Selling on any agricultural produce depends on some couple of factors like the demand of the product at that time, availability of storage etc. The products may be sold directly in the market or it may be stored locally for the time being. Moreover, it may be sold as it is gathered from the field or it may be cleaned, graded and processed by the farmer or the merchant of the village. Sometime processing is done because consumers want it, or sometimes to conserve the quality of that product. The task of distribution system is to match the supply with the existing demand by whole selling and retailing in various points of different markets like primary, secondary or terminal markets.

Most of the agricultural products in India are sold by farmers in the private sector to moneylenders (to whom the farmer may be indebted) or to village traders. Products are sold in various ways. For example, it might be sold at a weekly village market in the farmer's village or in a neighbouring village. If these outlets are not available, then produce might be sold at irregularly held markets in a nearby village or town, or in the mandi.

However, in India, there are several central government organisations, who are involved in agricultural marketing like, Commission of Agricultural Costs and Prices, Food Corporation of India, Cotton Corporation of India, Jute Corporation of India, etc. There are also specialised marketing bodies for rubber, tea, coffee, tobacco, spices and vegetables. Under the Agricultural Produce (grading and marketing) Act of 1937, more than forty primary commodities are compulsorily graded for export and voluntarily graded for internal consumption. Although the regulation of commodity markets is a function of state government, the directorate of marketing and inspection provides marketing and inspection services and financial aid down to the village level to help set up commodity grading centres in selected markets.

Special Features of Agricultural Marketing

- The agricultural produce is bulky for its value in comparison with many manufactured goods. The demand it makes on storage and transport facilities is heavy and specialized, resulting in heavy costs.
- The farm output is seasonal in character, whereas its demand by the consumers is spread over the whole year. The market system has, therefore, to balance suitably the seasonal outflow of the produce from the farm with the relatively steady and continuous consumer demand.
- The marketable surplus with individual farmers (who are small farmers, spread over larger area) is in small lots. Its collection becomes a complicated process particularly as the consumers are concentrated in urban areas
- Agricultural commodities re perishable in nature and suffer loss and deterioration in quality during storage and transportation.Thus,they require special type of storage and transport facilities
- The production of certain crops like fruits and plantation crops is highly localised but consumption is widespread, their marketing becomes more difficult.
- In India most of the farmers are small and medium scale producers with weak financial system or positions. They are unable to undertake the above functions individually. Where these functions re usually in the hands of intermediaries or middlemen. Who explore them
- Agricultural marketing comprising of all activities involved in supply of farm inputs to the farmers and movement of agricultural products from the farms to the consumers. The agricultural marketing system includes two major sub-system viz. product marketing and input (factor) marketing.
- The product marketing sub-system includes farmers, village/primary traders, wholesalers, processors,importers,exporters,marketing cooperatives, regulated marketing committees and retailers. The input sub-system includes input manufacturers, distributors, relatedassociations,importers,exportersand others who make available various farm production inputs to farmers.

- The marketing system should be such as may bring about the overall welfare to all the segments (producers, consumers, middlemen and traders)society. Government act as a watch-dog in ensuring the interest of all the groups associated in the marketing.
- The overall objective of agricultural marketing in a developing country like India is to help the primary producers viz.the farmers in getting the remunerative prices for their produce and to provide right type of goods at the right place, in the right quantity and quality at a right time and at right prices to the processors and/or ultimate consumers on the other.

Importance of Agricultural Marketing

Agricultural marketing plays an important role not only in stimulating production and consumption, but also in accelerating the pace of economic development. It is the most important multiplier of agricultural development. In the process of shifting from traditional to modern agriculture, marketing emerges as the biggest challenge because of production surpluses generated by the shift. The importance of agricultural marketing is revealed from the following;

Optimization of Resource use and Output Management: An efficient agricultural marketing system leads to the optimization of resource use and output management. An efficient marketing system can also contribute to an increase in the marketable surplus by scaling down the losses arising out of inefficient processing, storage and transportation. A well-designed system of marketing can effectively distribute the available stock of modern inputs, and thereby sustain a faster rate of growth in the agricultural sector.

Increase in Farm Income: An efficient marketing system ensures higher levels of income for the farmers reducing the number of middlemen or by restricting the cost of marketing services and the malpractices, in the marketing of farm products. An efficient system guarantees the farmers better prices for farm products and induces them to invest their surpluses in the purchase of modern inputs so that productivity and production may increase. This again results in an increase in the marketed surplus and income of the farmers. If the producer does not have an easily accessible market-outlet where he can sell his surplus produce, he has little incentive to produce more.

Widening of Markets: An efficient and well-knot marketing system widens the market for the products by taking them to remote corners both within and outside the country, i.e., to areas far away from the production points. The widening of the market helps in increasing the demand on a continuous basis, and thereby guarantees a higher income to the producer.

Growth of Agro-based Industries: An improved and efficient system of agricultural marketing helps in the growth of agro-based industries and stimulates the overall development process of the economy. Many industries like cotton, sugar, edible oils, food processing and jute depend on agriculture for the supply of raw materials.

Price Signals: An efficient marketing system helps the farmers in planning their production in accordance with the needs of the economy. This work is carried out through transmitting price signals.

Adoption and Spread of New Technology: The marketing system helps the farmers in the adoption of new scientific and technical knowledge. New technology requires higher investment and farmers would invest only if they are assured of market clearance at remunerative price.

Employment Creation: The marketing system provides employment to millions of persons engaged in various activities, such as packaging, transportation, storage and processing. Persons like commission agents, brokers, traders, retailers, weigh men, hamauls, packagers and regulating staff are directly employed in the marketing system.

Better Living: The marketing system is essential for the success of the development programmes which are designed to uplift the population as a whole. Any plan of economic development that aims at diminishing the poverty of the agricultural population, reducing consumer food prices, earning more foreign exchange or eliminating economic waste has, therefore, to pay special attention to the development of an efficient marketing for food and agricultural products.

Creation of Utility: Marketing is productive and is as necessary as the farm production. It is, in fact, a part of production itself, for production is complete only when the product reaches a place in the form and at the time required by the consumers. Marketing adds cost to the product, but, at the same time, it adds utilities to the product. The following four types of utilities of the product are created by marketing:

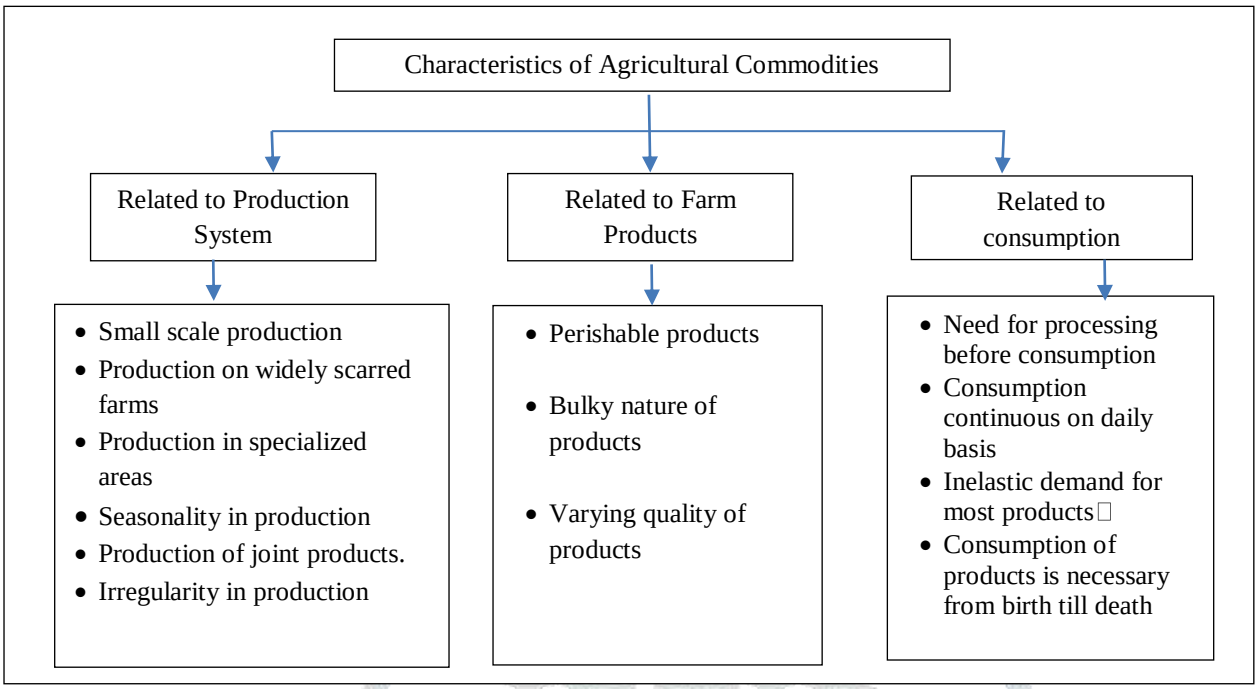
Form Utility: The processing function adds form utility to the product by changing the raw material into finished form. With this change, the product becomes more useful than it is in the form in which it is produced by the farmer. For example, through processing, oilseeds are converted into oil, sugarcane into sugar, cotton into cloth and wheat into flour and bread. The processed forms are more useful than the original raw materials.

Place Utility: The transportation function adds place utility to products by shifting them to a place of need from the place of plenty. Products command higher prices at the place of need than at the place of production because of the increased utility of the product.

Possession Utility: The marketing function of buying and selling helps in the transfer of ownership from one person to another. Products are transferred through marketing to persons having a higher utility from persons having a low utility.

Characteristics of Agricultural Products and Production

The subject of agricultural marketing has been treated as separate discipline because agricultural commodities possess special characteristics than manufactured commodities. The special characteristics of agricultural commodities are given below:



Seasonality of Production: Farm products are produced in a particular season of the year. They cannot be produced throughout the year. It leads to intra-year seasonality in the prices. In the

Bulkiness of products: The characteristics of bulkiness of most farm products makes their transportation and storage difficult and expensive. This fact also restricts the location of production to somewhere near the place of consumption or processing. The price spread in bulky products is higher because of the higher costs of transportation, handling and storage.

Variation in Quality of Products: There is a large variation in the quality of agricultural products, which makes their grading and standardization somewhat difficult. There is no such problem in manufactured goods because they can be produced of uniform quality.

Irregular supply of agricultural products: The supply of agricultural products is uncertain and irregular because of the dependence of agricultural production on natural conditions. Weightbearing supply, the demand remaining almost constant, the prices of agricultural products fluctuate substantially more than that of manufactured products.

Small Size of Holding and Scattered Production: Farm products are produced throughout the length and breadth of the country and most of the producers are of small size. This makes the estimation of supply difficult and also creates problem in marketing

Product Pricing: Apart from the problem in estimation of total supply in a small-farm agriculture, an individual farmer faces a typical marketing situation. As his share in total supply is very small, he cannot influence the market supply. Further, owing to the inelastic nature of demand of most of the farm products, the market price for his product is determined independent of his supply. It is in this context that an individual farmer is supposed to be operating in a buyer's market. Contrary to this, most of the

manufacturing firms, owing to their larger share in the market, can control, to some extent, the supply and thus influence the price of the product they sell.

Processing: Most of the farm products need some kind of processing before consumption by the ultimate consumers. The processing function, though adds value, increases the price spread of agricultural commodities. Processing firms enjoy the advantages of monopsony, oligopsony or duopsony in the market. This situation sometimes creates disincentives for the producers.

Review of Literature

Author Mrs. Poonam 2017: 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.

Dr.Vikram Sandhu and Bandekar 2020: In his view he explains about marketing of agricultural produce. Agriculture is a primary activity in India. Majority of the population in India still lives in rural areas and agriculture and its allied activities are the main source of income. However, despite of the various efforts of the government, there still lies a discrepancy between the investment made by a farmer and return received upon the investment made. Thus this study tries to explore the effect of the various factors affecting farmers' attitude towards the marketing of agriculture produce. Data has been collected from 505 respondents using a convenience sampling technique. Exploratory factor analysis and confirmatory factor analysis have been used to explore the factors. The results of regression analysis revealed that four dimensions namely lack of infrastructure, cost, lack of transportation, and unfair practices have a positive impact on farmers' attitude

Research Methodology

Objectives of the Study:

- To know the Problems of agricultural marketing in Inda with solutions
- To suggest good marketing practices which help to cope up with environmental changes
- To bring awareness in the farmers about the agricultural markets
- To analyse the prices and quantity of mosambi in market yards in India
- Generate an idea regarding farmers' knowledge of marketing
- To suggest favourable marketing policies and pricing strategies.

Agricultural Marketing System in India

The present agricultural marketing system in the country revolves around enactment and enforcement of various legislations to protect the interests of producers and regulate market functionaries in the marketing channel. Except the States of Jammu and Kashmir, Kerala, Manipur and small Union Territories such as Dadra and Nagar Haveli, Andaman and Nicobar Islands, Lakshadweep, etc. all other States and UTs in the country have enacted State Marketing Legislations. The Government of Bihar had repealed its APMC Act since September 2006.The APMCs in the country collects market fee in lieu of the services provided by them to facilitate marketing transactions. The rate of market fee varies from as less as 0.5% in Gujarat to maximum of 2% in States like Punjab and Haryana, etc. APMCs came into existence as service-oriented institutions operating to protect the interests of farmers and to check malpractices, if any, in marketing transactions for commodities and jurisdiction notified for the purpose. The advent of regulation of markets helped in mitigating marketing problems of the farmers to a considerable extent but they did not come up to the expectations of efficient marketing system. Over the year, they gradually shifted from service-oriented institutions towards revenue generating institutions for the State.

Growth of agricultural marketing in India

Marketing of agricultural commodities developed after the man was able to produce more food than he needed for himself, and exchange of his products with others started. This transition from production for consumption to production for exchange came about slowly. About a century ago, farmers used to consume most of what they produced; but, now most of what the farmers produce is exchanged for other things what they require. This tendency has increased their dependence on marketing, which has resulted in the overall development of the market mechanism.

The importance of an efficient marketing system as a vital link between the farmer and consumer was recognised way back in 1928 by the Royal Commission on Agriculture. Since then a good deal of progress has been achieved by adoption of various administrative and legislative measures by the government from time to time. The establishment of Directorate of Marketing and Inspection in 1935, the enactment of the act for the gradin and standardization of agricultural commodities in 1937, the conduct of market surveys, and the establishment of regulated markets in the country are some of the measures to improve the marketing situation and make agricultural marketing as efficient as possible. During the first and second five-year plans, agricultural marketing did not receive importance. Whatever development took place in the sphere of marketing was due to the gradual progress towards commercialization of agriculture and not because any specific government efforts.

National Commission on Agriculture (the first commission which suggested measures for the development of agriculture in the post-independence period) remarked that “there is an increasing awareness that it is not enough to produce a crop or animal product, it must be marketed well. Increased production, resulting in a greater percentage increase in the marketable surplus accompanied by the increase in demand from urban

population, calls for a rapid improvement in the existing marketing system". Since then, lots of efforts were made in various five-year plans to promote organized marketing of agricultural commodities through a network of regulated markets. Most of the states and union territory governments enacted legislations (Agricultural Produce Market Regulation Acts), and the number of regulated markets went up to 7139 as on March 31, 2009. These have helped mitigate the market handicaps of producers/sellers at the wholesale assembling level. During the 10thFiveyear plan, the union Ministry of Agriculture formulated another modified Modella won agriculture marketing, which provides for establishment of private markets/yards, direct purchase centres, consumers or farmers' market for direct sale, and promotion of public-private partnership in the management and development of agricultural markets in the country.

Drivers of Growth of Agricultural Marketing in India

Technological change in Agriculture: Technological developments in agriculture, such as the evolution of high yielding varieties of seeds, increased use of modern inputs and cultivation practices in the agricultural sector, have resulted in substantial increase in farm production. The marketed surplus of agricultural produce has therefore increase. This has resulted into the growth on the marketing system.

Specialization : The tendency towards increasing specialization by farmers and regions in certain crops or livestock has resulted in an increase in their efficiency and the breakdown in the self-sufficiency of the family unit. Specialization, thus, has resulted in increased production, which is the base for the growth of marketing and, in turn, of the economy. This has also resulted in improved use efficiency of natural resources like land and water.

Urbanization: Urban people are the main buyers of agricultural surpluses. The urban population of India has increased significantly which necessitated a faster growth of agricultural marketing activities. The rate of growth of urban population is much higher than rural population (due to rural-urban migration) which has further increased the importance of marketing system for farm products.

Transportation and Communication: The increase in transportation and communication facilities has widened the market for farm products. The length and breadth of the market to which a product is taken from the production areas have increased. In the absence of these facilities, the movement of produce from one area to another was limited, and the consumption of a product was restricted only to the areas of production or; at the most, to nearby areas. The scope of marketing has, thus increased manifold.

Market Regulation: Under the traditional system of marketing of agricultural products, producer sellers incurred a high marketing cost, and suffered from unauthorized deductions of marketing charges and the prevalence of various malpractices. To improve marketing conditions and with a view to creating fair competition conditions, there is a strong need of market regulation. A regulated market is one which aims at the elimination of the unhealthy and unscrupulous practices, reducing marketing charges and providing facilities to the producer-seller in the market. Any legislative measure designed to regulate the marketing of agricultural produce in order to establish, improve and enforce standard marketing practices comes under the market regulation. The establishment of regulated market is not intended at creating an alternative marketing system. The basic objective has been to create conditions for efficient performance of private trade, through

facilitating free and informal competition. In the regulated markets, the farmer is able to sell his marketed surplus in the presence of several buyers through open and competitive bidding. The legislation for the establishment of regulated markets does not make it compulsory for the farmer to sell his produce in the regulated market yard. The basic philosophy of the establishment of regulated markets is elimination of malpractices in the system and assignment of dominating power to the farmers or their representatives in the functioning of the markets

Important Features of Regulated Markets

Under the provisions of the agricultural produce market act, the state government gives its intention to bring a particular area under regulation by notifying market areas, market yard, main assembling market and sub market yard, if any, under the principle regulated market. The meaning of these terms is explained in the following points. Clearly

Market area: The area from which the produce naturally and abundantly flows to a commercial centre, i.e., the market, and which assures adequate business and income to the market committee

Principle assembling market: It is the main market which is declared as principal market yard on the basis of transactions and income generated for the market committee

Sub market yard : It is sub yard of the principle assembling market. This is a small market and does not generate sufficient income to declare as a principal assembling market.

Market yard: This is a specified portion of the market area where the sale, purchase, storage and processing of any of the specified agricultural commodities are carried out.

Objectives of Market Regulation

- To prevent the exploitation of farmers by overcoming the handicaps in the marketing of their products;
- To make the marketing system most effective and efficient so that farmers may get better prices for their produce, and the goods are made available to the customers at reasonable prices;
- To provide incentive prices to the farmers for inducing them to increase the production both in quantitative and qualitative terms; and
- To promote and orderly marketing of agricultural produce by improving the infrastructural facilities.

Present Status of Regulated Market in India

Though the establishment of regulated market was started during 1930s, the programme got momentum only after the independence. The number of regulated markets has increase from 236 before the commencement of first five-year plan (April, 1951) to 7157 in March 2010. At present, each regulated market in the country serves an area of 459 square kilometre.

The National Commission on Agriculture (1976) has recommended that the facility of a regulated market should be available in general, within a radius of 5 km. Accordingly the country needs 41838 markets. There are as many as 27738 markets spread all over the country. Of these, 21221 are primary rural markets. The remaining 6261 are wholesale assembling and terminal markets. The infrastructural facilities, amenities, commodities covered vary considerably across different states. Wholesale markets are functioning under the regulation programme.

Problems in Agricultural Marketing

Indian system of agricultural marketing suffers from a number of defects. As a consequence, the Indian farmer is deprived of a fair price for his produce. The main defects of the agricultural marketing system are discussed here.

Improper Warehouses: There is an absence of proper ware housing facilities in the villages. Therefore, the farmer is compelled to store his products in pits, mud-vessels, "Kutcha" storehouses, etc. These unscientific methods of storing lead toconsiderablewastage. Approximately 1.5% of the produce gets rotten and becomes unfit for human consumption. Due to this reason supply in the village market increases substantially and the farmers are not able to get a fair price for their produce. The setting up of Central Warehousing Corporation and State Warehousing Corporation has improved the situation to some extent.

Lack of Grading and Standardization: Different varieties of agricultural produce are not graded properly. The practice usually prevalent is the one known as "Dara" sales wherein heap of all qualities of produce are sold in one common lot Thus the farmer producing better qualities is not assured of a better price. Hence there is no incentive to use better seeds and produce better varieties.

Inadequate Transport Facilities: Transport facilities are highly inadequate in India. Only a small number of villages are joined by railways and pucca roads to mandis. Produce has to be carried on slow moving transport vehicles like bullock carts. Obviously, such means of transport cannot be used to carry produce to far-off places and the farmer has to dump his produce in nearby markets even if the price obtained in these markets is considerably low. This is even truer with perishable commodities.

Presence of a Large Number of Middlemen: The chain of middlemen in the agricultural marketing is so large that the share of farmers is reduced substantially. For instance, a study of D.D. Sidhan revealed, that farmers obtain only about 53% of the price of rice, 31% being the share of middlemen (the remaining 16% being the marketing cost). In the case of vegetables and fruits the share was even less, 39% in the former case and 34% in the latter. The share of middle-men in the case of vegetables was 29.5% and in the case of fruits was 46.5%. Some of the intermediaries in the agricultural marketing system are -village traders, Kutchaarhatiyas, puccaarhatiyas, brokers, wholesalers, retailers, money lenders, etc.

Malpractices in Unregulated Markets: Even now the number of unregulated markets in the country is substantially large. Achatinas and brokers, taking advantage of the ignorance, and illiteracy of the farmers, use unfair means to cheat them. The farmers are required to pay arhat (pledging charge) to the arhatiyas, "tulaii" (weight charge) for weighing the produce, "palledari" to unload the bullock-carts and for doing other miscellaneous types of allied works, "garda" for impurities in the produce, and a number

of other undefined and unspecified charges. Another malpractice in the mandies relates to the use of wrong weights and measures in the regulated markets. Wrong weights continue to be used in some unregulated markets with the object of cheating the farmers.

Inadequate Market Information: It is often not possible for the farmers to obtain information on exact market prices in different markets. So, they accept whatever price the traders offer to them. With a view to tackle this problem the government is using the radio and television media to broadcast market prices regularly. The newspapers also keep the farmers posted with the latest changes in prices. However, the price quotations are sometimes not reliable and sometimes have a great time-lag. The trader generally offers less than the price quoted by the government news media.

Inadequate Credit Facilities: Indian farmer, being poor, tries to sell off the produce immediately after the crop is harvested though prices at that time are very low. The safeguard of the farmer from such "forced sales" is to provide him credit so that he can wait for better times and better prices. Since such credit facilities are not available, the farmers are forced to take loans from money lenders, while agreeing to pledge their produce to them at less than market prices. The co-operative marketing societies have generally catered to the needs of the large farmers and the small farmers are left at the mercy of the money lenders.

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 are 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.

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.

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.

Unfavourable Mandis: The condition of the mandis are also not at all favourable 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 lake help of the middleman or Dalal who lake away a major share of the profit and finalizes the deal either in his favour or in favour of achatina 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.

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.

Unregulated Market's: There are huge number 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.

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.

Lack of Organisation: There is lack of collective organisation 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."

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.

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 unfavourable terms.

Unfavourable Conditions: Farmers are marketing their product under advice 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

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:

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

Government Policy Support

Agricultural price policy: Characteristics of agricultural product prices

- Production and supply of agricultural products cannot be adjusted quickly to changes in prices or demand.
- Variability in cost of production from region to region.
- Wide variation in quality of products and hence prices.
- The prices of farm products in general exhibit co-movement at least within a group.
- The prices of farm products vary across space.
- The prices of farm products in general remain low in the post-harvest period.
- There are multiple prices in the same market at a point of time.

Agricultural price stabilization

Government takes the responsibility to stabilize agricultural prices. The objectives of price stabilization assure reasonable level of living, keeping parity with other sectors, adjustment of production to demand as well as stabilization of general price level in relation to world prices. Concerned by the spiralling prices of agriculture and food articles, the government is likely to set up a price stabilisation fund along with a market intervention plan for key agricultural products.

Need for agricultural price policy

Agricultural Price Policy has special significance when there is maladjustment in demand and supply and jump up and down the equilibrium price level. several government interventions were initiated to protect farmers and consumers. Government undertakes the following measures.

- Procurement operations.
- Public distribution at fixed issue prices, rationing, restrictions on movement of food
- grains from one place to another place i.e. state to state.
- Maximum controlled prices assured minimum prices, statutory minimum prices, ban on exports, stepping up of imports, regulation of futures trading.
- Minimum price for sugarcane to sugar factories.
- Floor and ceiling prices, controls on futures trading and imports have been the major
- policy measures taken for regulation of prices of raw cotton and jute.

History of Agricultural Price Policy

Commission for Agricultural Costs and Prices (CACP)

Agricultural Price Commission, APC was established in 1965 on the recommendations of Food grains Policy committee under the chairmanship of L.K. Jha.The significant contributions are

MSP: Chief function is to set a floor to the downward fluctuations in the market prices. It is an insurance against price uncertainty.

Maximum Ceiling Prices:APC has not favoured maximum or ceiling prices for agricultural commodities. In the case of food grains, the **s**tates were unable to enforce legally fixed maximum prices. Private stocks tended to go underground.

Procurement Prices: Always higher than MSP. Government procures for deficit states and vulnerable sections of population. APC takes into account market prices, minimum prices announced in the season, marketing and processing costs, the likely impact of levels of procurement prices on farmers own cost of living, and the external competitiveness of the commodities concerned.

Issue Prices: These are below open market prices and always higher than procurement prices. Food grains prices supplied through fair price shops and rationing at subsidized rates are issue prices.

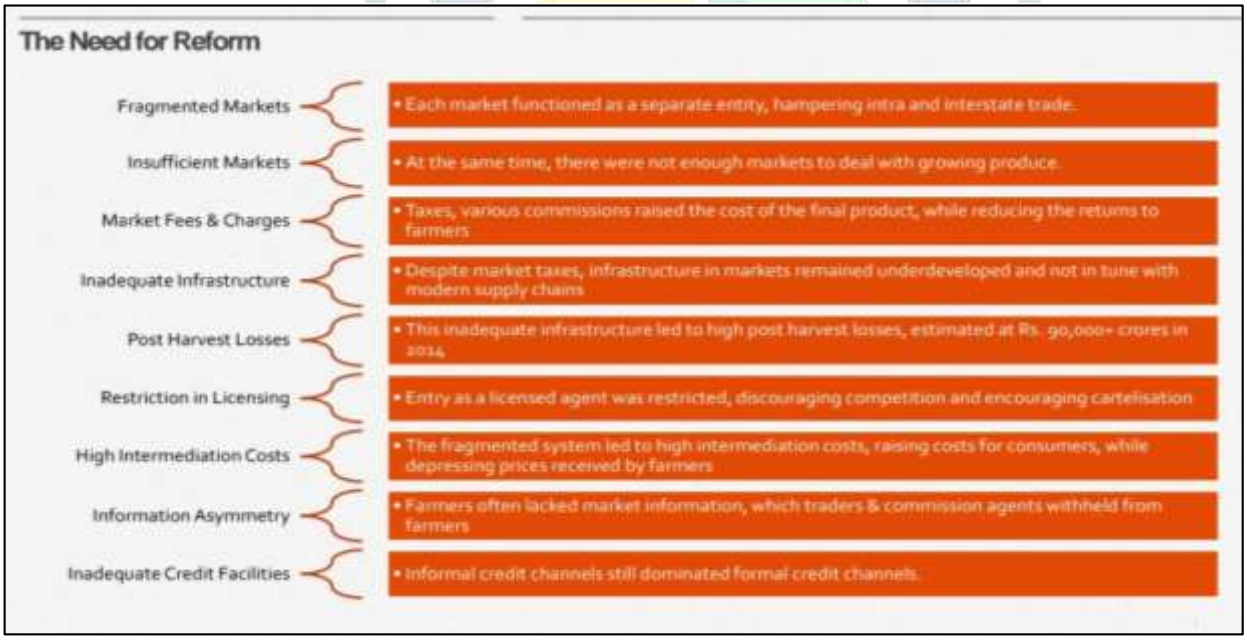
Administered Prices: Prices fixed by the government with the objective of protecting farmers against a decline in prices during the year of bumper production, protecting consumers from excessive price increases and ensuring procurement for buffer stocks or operation of PDS. These are three types:

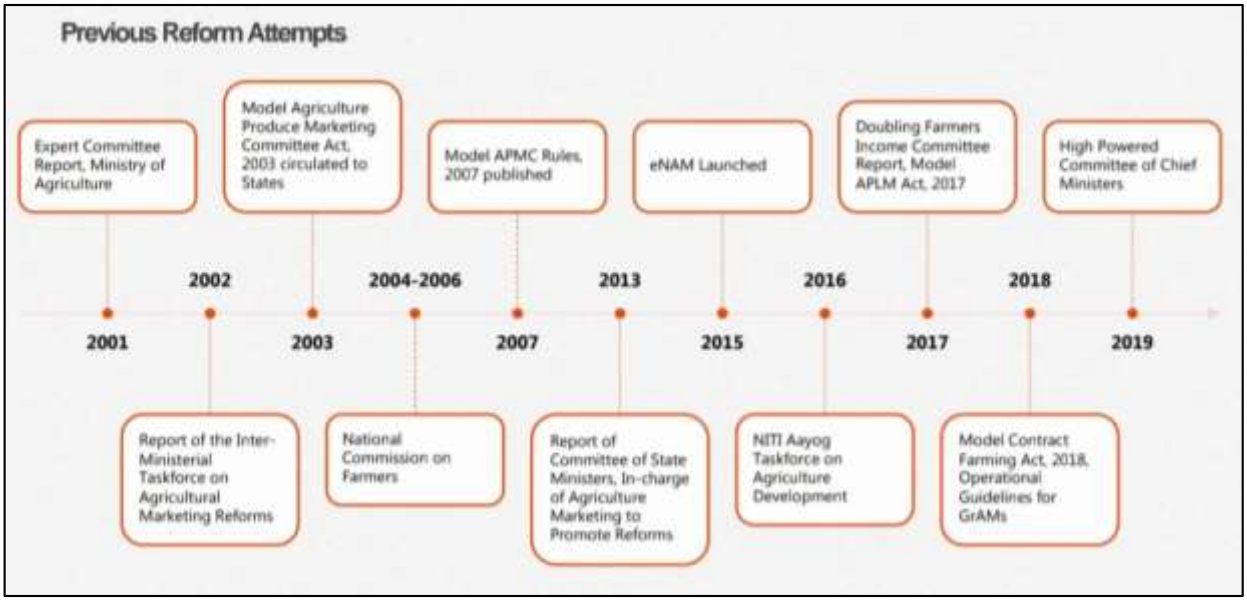
Minimum Support Price(MSP): Price fixed by the government to protect farmers against excessive fall in prices.

Procurement Price: Refers to the price at which government procures from producers to maintain buffer stocks and feed Public Distribution System.

Issue Price: Price at which the commodity is made available to consumers at fair price shops. It is always higher than procurement price.

Agriculture market reforms in India





Measure to improve Indian agricultural marketing

- Providing loans to the farmers to the lowest interests that the farmers can be freed from money lenders. The power supply and loans given to farmers should beat subsidized rate because these take considerable amount of investments.
- The new distribution network should be tapped to connect the farmers directly or indirectly to the customers to receive maximum returns. At present the marketing channel consists of middlemen, who consumes the major portion of profits which should be received by farmers.
- Removing of existing loopholes in present situations of Indian agricultural marketing.
- The severe action should be taken against the black marketing and marketers who buy the producer from the producers at very cheap price and sell the produce at higher price.
- The village outlets should be opened in villages in cooperation with the farmers, who can sell their produce directly to the buyers. The intervention of government is compulsory to bring the positive result in favour of farmers.

Conclusion

Straight forward marketing for Indian agriculture produce is the need of the country. The infrastructure should be in such a way where the entire stock should be sold by willing farmers. There should be provision of Godown in villages so that the produce can be stored and sold when the price increases after the harvesting period is over. The brokers play the games during trading which farmers do not know because of improper information of market price. The farmers should bet rained in such a way that they cannot be exploited by the traders. There is a vast difference between the marketing strategies in India and abroad need to be minimized. The marketing committees needed tube setup representing growers, merchants, local bodies and traders whose main objective is ensuring proper prices for farmers.

To sum up as India is an Agrarian Economy, till now most of the activities are related to production and distribution so now itis high time to think in an innovative way and to originate new ideas to add more value

to the services which will give new direction to the economy to grow rather than the traditional methods. Farmers or cultivators should be motivated to go for direct and co-operative marketing to fetch

The fair and better prices. Secondly only production is not enough various measures has to be taken to move the goods from farmer to the consumer. The Government end-stopped more on rural areas to develop infrastructure, transport and communication facilities to strengthen the rural agriculture market. Due to Globalisation agricultural goods have to be made competitive enough to compete in the global market as the low-quality goods are not able to meet the standards of foreign countries. There is need to convey the accurate market information to the farmers. Since the Indian markets are scattered markets long distribution channels are used which leads to high commission by the middlemen as they buy at low rate from farmers and sell at high rates in the market.

Reference:

Acharya S.S and Agarwal NL, 2006, Agricultural Marketing in India. Oxford & IBH Publishing Co.Pvt.Ltd. New Delhi

Kahlon, A.S and Tyagi.D S, 1983 Agricultural Price Policy in India. Allied Publishers Pvt.Ltd.,New Delhi.

Kulkarni, K R.1964, Agricultural Marketing in India. The Co-operators Books Depot, Mumbai.

Mamoria, C.B. and Joshi.R L.1995, Principles and Practices of Marketing in India, Kitab Mahal, Allahabad.

Online sources:

https://vyavasayamarketingshakha.ap.gov.in/agriMrkt/Dashboard/index.htmlhttps://agmarknet.gov.in/MarketingBoards/

https://timesofindia.indiatimes.com/topic/Market-Yard,-Pune

https://niti.gov.in/planningcommission.gov.in/docs/aboutus/committee/wrkgrp12/agri/weg_rep_market.pdf

https://www.india.gov.in/website-andhra-pradesh-agricultural-marketing-department

https://vyavasayamarketingshakha.ap.gov.in/agriMrkt/Dashboard/about-ap.html

https://byjus.com/free-ias-prep/apmc/

https://market.ap.nic.in/html/mkt/mkt/dom-About.html