

Agricultural Marketing in India: An Overview

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Abstract

The Concept of Agricultural Marketing includes selling away farmer's production to the village money lender cum traders, to dispose of his produce in village market or through mandis in small and large towns. There are numerous inter connecting activities in doing agricultural marketing, such as planning production, growing and harvesting, grading, provision of market information, distribution, advertising and sale. There are so many bottlenecks in agricultural marketing system like improper warehouses, inadequate market information, dominance of middlemen, lack of transport and communication facilities.

In order to improve the agricultural marketing, Government of India have adopted a number of measures to improve the system of marketing, establishment of regulated markets, Construction of roads and warehouses, grading and standardization of produce, standardization of weight and measures, daily broad casting of market prices of agricultural, transport and credit facilities etc. The main objective of this paper are to know the concept of agricultural marketing, functionary involved in agricultural marketing process, problems in marketing in India and the reforms required to rectify the problems.

Keywords: Agriculture, Growing & Harvesting, Marketing, Planning, Standarization.

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Introduction:

Agricultural Marketing consists of two major concepts viz., ‘agriculture’ and ‘marketing’. The first concept agriculture means activities aimed at the use of natural resources for human welfare, it includes all the primary activities of production of crops and live stock. The second concept of marketing refers to the activities involved in moving goods from point of production to the point of consumption. According to the Thomson, the study of Agricultural Marketing comprises all the operations, and the agencies conducting them, involved in the movement of farm – produced foods, raw material are the effects of such operations on farmers, middleman and consumers. Finally agricultural marketing can be defined as a series of planning production, growing, grading, packing, transport, storage, agro and distribution and sales in moving a product from the point of production to the point of consumer. Agricultural Marketing is an efficient way of which the farmers can dispose their produce. There are three ways for the same first and most common is to sell away his surplus to village money-lender-cum-traders, often at prices considerably lower than the market prices. The second way is to dispose of his produce in the weekly village markets, Known in Hindustani ‘haat’. The third method to agricultural marketing is through the mandis in small and large towns. In the mandis, there are brokers or ‘dalals’ who help the farmers to dispose of their produce to the wholesalers known as arhatiyas.

Need and Importance of Agricultural Marketing:-

Agriculture being the main sector of Indian Economy, plays an important role in economic and social development of the nation so it is necessary to improve the financial and social condition of Dharti Putra (Kisan). The following point shows the importance of agricultural development of marketing of their produce.

- ø Better utilization of natural resources for economic development.
- ø It helps in providing employment to 50% of the country’s workforce.
- ø It supplies basic and raw material for industrial development.
- ø Provide food grains to the expanding population of the country.
- ø Important share in national Income (18%) and exports (15%)
- ø Breaks the vicious circle of poverty and reduction in poverty
- ø It is the basis for international trade.
- ø Its surplus labour contributes for capital formation.

So the agriculture has to be kept at the centre of any reforms agenda of planning process, in order to make a significant dent on poverty and malnutrition, and to ensure long-term food security for the poor.

Main Defects of Agricultural Marketing in India:-

The position of agricultural marketing is still deplorable. Firstly, the Indian farmer does not have facilities for storage of his produce that leads to wastage of products. Every year 25 to 30 percent of the agricultural produce are damaged either by rates or rains due to the absence of proper storage or warehousing facilities. Secondly, Indian farmers are not aware of the ruling prices of their produce prevailing in big markets. As a result they have to accept whatever price is quoted to them by traders or middlemen.

Thirdly, Many of rural areas don't have proper road transportation facilities. This creates barrier to reach mandis to sell their produce at fair price. Thus, they prefer to sell their produce at the village market at low price.

Fourthly, most of the farmers are very poor and indebted that he has no capacity to wait for better prices. Farmer is forced to sell his produce to the village money-lenders-cum-traders at a very poor price so as to clear his debts.

Fifthly, A large number of intermediaries exists between farmer and final consumer. All these middlemen claim a good amount of margin approx 30% and thus reduce the returns of the cultivators.

Sixthly, most of the farmers are not aware of the need for quality seeds and fertilizers, it results in poor quantity and quality of their produce.

Seventhly, there are large numbers of unregulated markets which adopt various malpractices like, false weights and measuring, lack of grading and standardization of products. This goes against the interest of farmers. Finally, lack of collective organization among farmers is also a negative factor for their financial welfare.

Remedial Measures:

In order to have best advantage in marketing of his produce the farmer should enjoy certain basic facilities. Because improvement of the agriculture marketing in India is utmost need of the hour, for betterment of the existing system of the same in the country. We should follow the following measures:-

(1) The farmer should have adequate and cheap transport, communication and electricity facilities.

- (2) Arrangement should be made for education and awareness for rural farmers in usage of quality input like, seed, fertilizers and pesticides.
- (3) Create a direct contact network between the farmers and consumers so the middle men (dalals) may be as small as possible and maximum returns to farmers.
- (4) Extension and Construction of storage and warehousing facilities.
- (5) Maximum regulated markets and co-operative marketing should be developed.
- (6) Provision be made for adequate and cheap amount of credit facilities to the farmer so that their dependency on money-lender may be removed.
- (7) For ensuring good quality of produce to the consumers and better prices to the farmers, there should be provision of standardization and grading of the produce.
- (8) The Government should made a suitable Agricultural Price Policy for prices of agricultural produce in the country.
- (9) We should use information technology to provide market – led extension services to the farmers.

Government Measures for Improvement of Agricultural Marketing :

After Independence, the Government of India adopted a number of measures to improve the system of agricultural marketing, which are as under:-

(1) Setting up of Regulated Markets:

There have been setup now 7249 regulated market in India with a view to protect the farmers from the malpractices of sellers and brokers. As much as 80 percent of agricultural produce is now sold in regulated markets. The main functions of these market committee will be to enforce the use of standarised weights; providing date and reliable market information to the farmers, fixation of charges for weighing, brokerage, underhand dealing and wrong practices by the arhatiyas, setting of disputes among the parties arising out of market operations. Regulated markets remove most of defects of them regulated marketing system.

(2) Grading and Standarization:

In order to improve the marketability of products within and outside the country, an effective quality control mechanism the Agricultural Produce (Grading & Marketing) Act 1937 was enacted by the Central Government to formulate grade standards and implementing grading and quality control. To facilitate the same 182 agricultural commodities have so far been laid down. 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.

The Government has set up a Central Quality Control Laboratory at Nagpur and Eight other regional laboratories in different parts of the country for testing & inspection of quality and purity of agricultural products.

(3) Warehousing Facilities:

To enhance the bargaining power of farmers and save them from distress sale the Government of India set up Central Warehousing Corporation in 1957 with the purpose of Constructing and running go-downs and warehouses for the storage of agricultural produce. This will increase staying power and enable farmers to wait till fair prices are promised for their produce and on the basis of go-downs receipts issued against the produce stored in the go-downs, the farmers can also obtain credit from the commercial banks and co-operative societies.

(4) Provisions for Market Information:

The Government has initiated a number of steps to inform the farmers about prices of agricultural goods in all major markets through special programmes and talk organized by All India Radio and DD Kisan Channel. Market intelligence reports and surveys of various agricultural goods are under taken by the government. The newspapers also publish agricultural prices either daily or weekly basis.

(5) Setting-up of Commodity Boards:

The Central Government has set up a number of specialized commodity Boards for rubber, coffee, tea, tobacco, spices coconut, oilseed and vegetable oils, horticulture etc. Moreover, there are various organizations active in the field of agricultural commodity exports such as the State Trading Corporation the Cashew nuts Export Promotion Council and the Agricultural and Processed Food Development Authority for promoting and boosting agriculture exports.

(6) Fixation of Support Prices & Government Purchases:

To ensure fair returns to the farmers the ‘Commission for Agricultural Costs and Prices’ announces minimum support prices and procurement prices for various agricultural commodities from time to time. The Food Corporation of India, purchase agricultural Commodities from the farmers at these fairly remunerative and these purchases, in turn, are sold off by the government at reasonable price through the Public Distribution System.

(7) Centre for Agricultural Marketing (CAM):

CAM was established in 1988, now known as Choudhary Charan Singh National Institute of Agricultural Marketing (NIAM) The main objectives of this institute are: to augment the agricultural marketing infrastructure of the country through research and consultancy services, better management techniques in the field of agriculture marketing and consultancy services for formulating investment projects and for problem solving advice and offer educational programmes in agricultural marketing for supplementing the existing facilities.

(8) Co-operative Marketing:

It is essential to form co-operative of the small and marginal farmers to enable them to obtain fair price for their produce.

The advantages that co-operative marketing can confer on the farmer are multifarious, some of which are listed below:-

- > It can encourage the farmers to produce graded and standardised products.
- > The co-operative can altogether skip the middlemen and enter into direct relations with the final buyers.
- > It can arrange to have quick and cheap transport and sometimes it can even have its own transport.
- > Co-operative Marketing have its own storage and warehousing facilities.
- > It can control the flow of supplies and thus influence market prices.
- > The Co-operative societies can undertake processing activities like crushing oilseed, ginning and pressing of cotton etc.
- > These societies provide credit to the farmers to save them from the necessity of selling their produce immediately after harvesting. This ensures better returns to the farmers.
- > Apart from selling the produce of the farmers it can supply them such essential goods as seeds, fertilizers, implements etc. Thus, the co-operative marketing society is probably the best method to reorganize rural marketing and promote planned growth of our rural areas.

In addition to all these advantages, the co-operative marketing system can arouse the spirit of self-confidence and collective action in the farmers for agricultural development and success.

Conclusion

The Agricultural marketing plays a vital role in easy agro produce distribution to the customers. Infact the development of agriculture is a gigantic task encompassing activities right from planting of seeds to the final market of the produce and much beyond. Particular emphasis needs to be laid on the integration of agricultural processing credit and market activities. Unless the farmer is freed from the clutches of the village money-lender by developing alternative sources of credit, the dependence of the farmer on the money lender will remain as usual and he will be compelled to sell of his produce to them at a very low prices to pay off his debts.

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