



AGRICULTURAL MARKETING IN INDIA-AN OVERVIEW

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ABSTRACT

In India, the organised marketing of agricultural commodities has been promoted through a network of regulated markets. Most state governments and UT administrations have enacted legislations to provide for the regulation of agricultural produce markets. While by the end of 1950, there were 286 regulated markets in the country, their number as on 31 March 2006 stood at 7566. In addition, India has 21780 rural periodical markets, about 15 per cent of which function under the ambit of regulation. The advent of regulated markets has helped in mitigating the market handicaps of producers/sellers at the wholesale assembling level. But the rural periodic markets in general and the tribal markets in particular, remained out of its developmental ambit.

KEYWORDS: Marketing of Agricultural, Agricultural Produce Markets, Regulated Markets, Periodic Markets, Agricultural Product, Grading and Standardization

INTRODUCTION

Agricultural marketing covers the services involved in moving an agricultural product from the Farm to the consumer. Numerous interconnected activities are involved in doing this, such as planning production, growing and harvesting, grading, packing, transport, storage, agro -and food processing, distribution advertising and sale. Some definitions would even include “the acts of buying supplies, renting equipment, (and) paying labour”, arguing that marketing is everything a business does. Such activities cannot take place without the exchange of information and are often heavily dependent on the availability of suitable finance (Penn State College of Agricultural Sciences -Agricultural Marketing, 2012) Marketing

systems are dynamic; they are competitive and involve continuous change and improvement. Businesses that have lower costs, are more efficient, and can deliver quality products, are those that prosper. Those that have high costs, fail to adapt to changes in market demand and provide poorer quality is often forced out of business. Marketing has to be customer-oriented and has to provide the farmer, transporter, trader, processor, etc. with a profit. This requires those involved in marketing chains to understand buyer requirements, both in terms of product and business conditions.

WHAT IS AGRICULTURAL MARKETING

The National Commission on Agriculture defined agricultural marketing as a process which starts with a decision to produce a saleable farm commodity and it involves all aspects of market structure of system, both functional and institutional, based on technical and economic considerations and includes pre and post-harvest operations, assembling, grading, storage, transportation and distribution. The Indian council of Agricultural Research defined involvement of three important functions, namely (a) assembling (concentration) (b) preparation for consumption (processing) and (c) distribution. Agricultural marketing can be defined as the commercial functions involved in transferring agricultural products consisting of farm, horticultural and other allied products from producer to consumer. Agricultural marketing also reflect another dimension from supply of produce from rural to rural and rural to urban and from rural to industrial consumers

AGRICULTURAL MARKETING IN INDIA

There are several challenges involved in marketing of agricultural produce. There is limited access to the market information, literacy level among the farmers is low, multiple channels of distribution that eats away the pockets of both farmers and consumers. The government funding of farmers is still at nascent stage and most of the small farmers still depend on the local moneylenders who are leeches and charge high rate of interest. There are too many vultures that eat away the benefits that the farmers are supposed to get. Although we say that technology have improved but it has not gone to the rural levels as it is confined to urban areas alone. There are several loopholes in the present legislation and there is no organized and regulated marketing system for marketing the agricultural produce. The farmers have to face so many hardships and have to overcome several hurdles to get fair and just price for their sweat

Need For Reforms

The agriculture sector needs well-functioning markets to drive growth, employment and economic prosperity in rural areas of India. In order to provide dynamism and efficiency into the marketing system, large investments are required for the development of post-harvest and cold-chain infrastructure nearer to the farmers' field. A major portion of this investment is expected from the private sector, for which an appropriate regulatory and policy environment is necessary. Also, enabling policies need to be put in place to encourage the procurement of agricultural commodities directly from farmers' fields and to establish effective linkage between the farm production and the retail chain and food processing industries. Accordingly, the state governments were requested to suitably amend their respective APMC Acts for deregulation of the marketing system in India, to promote investment in marketing infrastructure, thereby motivating the corporate sector to undertake direct marketing and to facilitate a national integrated market.

Terminal Markets

The Department has recently taken the initiative to promote modern terminal markets for fruits, vegetables and other perishables in important urban centres in India. These markets would provide state-of-the-art infrastructure facilities for electronic auction, cold chain and logistics and operate through primary collection centres conveniently located in producing areas to allow easy access to farmers. The terminal markets are envisaged to operate on a 'hub-and-spoke' format, wherein the terminal market (the hub) would be linked to a number of collection centres (the spokes). The terminal markets would be built, owned and operated by a corporate/private/co-operative entity, either by itself, or through the adoption of an outsourcing model. The enterprise could be a consortium of entrepreneurs from agri-business, cold chain, logistics, warehousing, agri-infrastructure and/or related background. The enterprise would charge a user charge for the services provided. The total financial outlay for implementation of the above component during the Tenth Plan Period is Rs 150 crore. The proposed expenditure will be met from the budget outlay of the National Horticulture Mission. The operational guidelines of the scheme have been circulated to the state governments, which have amended their respective APMC Acts to allow the setting up of markets in the private sector.

Organizations Dealing With Marketing

The Department of Agriculture and Cooperation has three organisations dealing with marketing under its administrative control, namely, the Directorate of Marketing and Inspection (DMI), Faridabad; the Ch. Charan Singh National Institute of Agricultural Marketing (NIAM), Jaipur; and the Small Farmers Agri-Business Consortium (SFAC), New Delhi.

Grading and Standardisation

The Agricultural Produce (Grading and Marking) Act, 1937 empowers the central government to fix quality standards, known as 'AGMARK' standards, and, to prescribe terms and conditions for using the seal of AGMARK. So far, grade standards have been notified for 181 agricultural and allied commodities. The purity standards under the provision of the PFA Act and the Bureau of Indian Standards (BIS) Act, 1986, are invariably taken into consideration while framing the grade standards. International standards framed by Codex/International Standards Organization (ISO) are also considered so that Indian produce can compete in international markets.

Marketing Extension

AGMARK quality control programmes as well as improvements in marketing practices and procedures are given wide publicity through mass media. The information is disseminated through documentaries, cinema slides, printed literature, exhibitions, conferences, seminars and workshops. Agricultural Marketing, a quarterly bi-lingual journal, is also published regularly.

Marketing Research and Information Network

This is a central sector scheme that was launched by the Department of Agriculture and Cooperation in March 2000. The scheme aims at progressively linking important agricultural produce markets spread all over India and the State Agriculture Marketing Boards/ Directorates and the DMI for effective exchange of market information. The market information network, AGMARKNET (agmarknet.nic.in), is being implemented jointly by DMI and NIC, using NICNET facilities available throughout the country. The objective of the scheme is to facilitate collection and dissemination of information for better price realisation. The scheme provides funds to state- and national-level institutions managing the markets and executing market-led extension activities and thus, has no separate gender-specific provisions under the

scheme. The portal covers market, price, infrastructure and promotion-related information for efficient marketing.

Agricultural Marketing Infrastructure, Grading and Standardization

The scheme for the development/strengthening of agricultural marketing infrastructure, grading and standardisation was launched on 20 October 2004. Under this scheme, a credit-linked investment subsidy is being provided on the capital cost of general or commodity-specific marketing infrastructure for agricultural commodities and for strengthening and modernisation of existing agricultural wholesale markets, and rural or periodic markets in tribal areas. The scheme covers all agricultural and allied sectors including dairy, poultry, fishery, livestock and minor forest produce. The scheme is reform linked and is being implemented in those states/UTs that permit the setting up of agricultural markets in the private and cooperative sector and allow direct marketing and contract farming.

FARMERS ROLE IN MARKETING

Direct marketing of the agricultural produce is the need of the hour. Efforts may be made to provide facilities for lifting the entire stock that farmers are willing to sell with incentive price. There should be provision for storing the stocks such as godowns and warehouses. It helps the farmers to hold the stocks till the prices are stabilized. Usually immediately just after the harvest the prices would be low and if the farmers are patient in holding the same for some time it would fetch better prices. The brokers play the games during the trading of the agricultural stocks which the farmers do not know and realize because of improper information about the market prices. The brokers without any investment and with their negotiation skills transfer stocks by buying at low prices and selling at higher prices to the other end. The farmers need to be educated in this regard. There should be all-round rationalization and standardization of the prices through legislative means. Presently there is vast gap between the marketing strategies of agricultural produce in India and abroad and the same needs to be bridge. Remove the various malpractices prevalent in the present system. There is need to set up marketing committees which has the representation of growers, merchants, local bodies, traders and nominees from the govt. There should be collective and integrative efforts and energies from all quarters for ensuring just and price for farmers.

NEED FOR AGRICULTURE MARKET INFORMATION SYSTEM

Principles of Marketing has stated that information is one key to increase marketing success for everyone. A market information system is an important tool used by modern management to aid in problem solving and decision making. Market Information System is a process of gathering, processing, storing and using information to make better marketing decisions and to improve marketing exchange. Subrahmanyam and Mruthyunjaya (1978) based on their study on marketing of fruits and vegetables in Bangalore suggested for proper dissemination of market intelligence and information through all possible means of communication, for improving the marketing efficiency of fruits and vegetables. In his conceptual analysis of Management Information System (MIS) and Management Science opined that though computers have of course a role to play in MIS, all computerized systems do not necessarily mean MIS or does MIS necessarily imply computerized processing of data to create information, reported that the growers received low prices in Bangladesh because of lack of market information which resulted in wide inter-market price variation.

Around 53% of the land has been brought under irrigation with areas of Punjab, Haryana giving very high per hectare yield. Over the years, due to growing industrialization and overall growth of tertiary sector, share of Agriculture has shown a little declining trend. But, it still continues to be the primary occupation in

spite of numerous problems like High dependency on irregular Monsoon, lack of irrigation facilities and growing facilities.



SALIENT FEATURES OF INDIAN AGRICULTURE

Subsistence Agriculture:

As mentioned earlier, most parts of India have subsistence agriculture. This type of agriculture has been practised in India for several hundreds of years and still prevails in a larger part of India in spite of the large scale change in agricultural practices after independence.

Pressure of population on Agriculture:

Despite increase in urbanization and industrialization, about 70% of population is still directly or indirectly dependent on agriculture.

Mechanization of farming:

Green Revolution took place in India in the late sixties and early seventies. After more than forty years of Green Revolution and revolution in agricultural machinery and equipments, complete mechanization is still a distant dream

Dependence upon Monsoon

Since independence, there has been a rapid expansion of irrigation infrastructure. Despite the large scale expansion, only about one third of total cropped area is irrigated today. As a consequence, two third of cropped areas is still dependent upon monsoon. As you know, monsoon in India is uncertain and unreliable. This has become even more unreliable due to change in climate.

Variety of Crops

Can you guess why India has a variety of crops? As mentioned in the beginning of the lesson, India has diversity of topography, climate and soil. Since India has both tropical and temperate climate, crops of both the climate are found in India. There are very few countries in the world that have variety comparable to that of India. You would realize that when we would discuss the different type of crops in detail. Look at the table No.1 to get an idea.

Predominance of Food Crops

Since Indian agriculture has to feed a large population, production of food crops is the first priority of the farmers almost everywhere in the country. However, in recent years, there has been a decline in the share of land used for food crops due to various other commercially most advantageous uses of this land.

Seasonal Patterns

India has three distinct agricultural/cropping seasons. You might have heard about kharif, rabi and zaid. In India there are specific crops grown in these three seasons. For example rice is a kharif crop whereas wheat is a rabi crop.

SUGGESTIONS

- Indian industries should show greater enthusiasm in agri businesses and be more active to market the country's farm produce.
- Agricultural growth, particularly in staple crops, is among the best routes for achieving these and other development goals in developing countries.
- The world's agriculture and food systems must become more productive, more resource-efficient, more resilient, and less wasteful.
- There are multiple technology choices and paths for agriculture. Those resources must be exploited.

CONCLUSION

The present study concluded that, the necessary reforms coupled with proper price discovery mechanism through regulated market system will help streamline and strengthen agricultural marketing. In order to avoid isolation of small-scale farmers from the benefits of agricultural produce they need to be integrated and informed with the market knowledge like fluctuations, demand and supply concepts which are the core of economy. Marketing of agriculture can be made effective if it is looked from the collective and integrative efforts from various quarters by addressing to farmers, middlemen, researchers and administrators. It is high time we brought out significant strategies in agricultural marketing with innovative and creative approaches to bring fruits of labor to the farmers.

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