

# **AGRICULTURE MARKETING: AN OVERVIEW**

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## **I. INTRODUCTION**

India is an agricultural country and one-third portion of the population of India is depends on the agricultural sector directly or indirectly. The agriculture sector of India contributes about 25 percent to the national gross domestic product (GDP). As food is the uttermost need of every species on the earth like animals, human etc, so much emphasis has been on commercializing agricultural production. For this reason, adequate production and even distribution of food has behind schedule and become a high priority global concern. If we looked upon Centuries ago, we will analyze that people consumed only what was grown locally around them. Most of the people were, ate what they owned or produced and their close neighbors produced, provided that rains came, and the harvest was good. If they didn't grow their own food, then they almost certainly knew who did buy it from them personally at the village market. Then due to improvements in technology and transportation, modern agricultural revolution come, and suddenly a variety of food products were available from around the world. Today, instead of buying most of the food products from farmers, people buy all products from supermarkets that have collected a variety of products from a number of farmers from around the world. This is admirable for the consumer, but it is not more than a challenge for the farmer, who now must compete in a global market instead of a local one. Agricultural marketing techniques are used in every corner of "agribusiness," including small farms, corporate farms, and collective distributors, manufacturers of farm equipment. Moreover, there are government agencies also which keep an eye on and direct agribusiness practices.

## **II. MEANING**

Agricultural marketing may be defined as all those business activities which are generally included in the flow of production from the beginning of agricultural production in anticipation of they are in the hands of consumers. Agricultural marketing is mainly related to the buying and selling of agricultural products. The market where the activities of buying and selling of fertilizers, seeds, pesticides, agricultural tools and other agriculture material, that are necessary for agricultural production and development are done is called the market of agricultural inputs and tools. The activities that involve buying and selling of, cash crops, vegetables, dairy products, fishery, and horticultural products are also the part of agricultural marketing.

## **III. OBJECTIVES**

1. The main object of this research paper is to make an overview of Agriculture Marketing.
2. Other objects are:-
  - To list out the role of government in the development of agricultural marketing.

- To find out the various problems in the way of agricultural marketing.
- To provide some suggestions to the various problems.

#### **IV. ACTIVITIES INCLUDED IN AGRICULTURE MARKETING**

National Commission on Agriculture defined Agricultural Marketing as a process to make decisions to produce various saleable farm commodities. It includes following major activities:-

**1. Assembling:-**Assembling may be defined as Collection of products for sale in Mandis or larger markets. It is further involved bringing together of smaller amounts of products for greater convenience, and economy in buying, transporting or processing. In the case of assembling, Wholesaler buys products from many producers and then supply to the consumers.

**2. Grading and Standardization:-**Grading may be defined as to sort out the various commodities into different groups. These groups may be created on the basis of size, variety, taste, quality, colour etc. This division may or may not conform to established standards. Whereas standardization fixes the grades and does not allow them to vary from season to season and year to year. Products of similar grade can be stored in bulk.

**3. Processing:-**Processing is an activity, that convert the farm products into more consumable form, for Example converting wheat into the floor, preparation of butter and ghee from milk etc.

**4. Transportation:-**Transportation is the physical movement of products from the place of production to the final consumer. It creates place utility. There are different means of transportation like roadways, railways, airways, and waterways.

**5. Storage and Packaging:-**Storage is the process to hold the products from the time of production until they needed by the consumers. It creates time utility. It helps to spread out market supply. Some products are stored for short period and some for long whereas some products require cold storage like fresh fruits and vegetables. Packaging is the packing or covering the product to protect it and to make it to be most Marketable. The objectives of packaging are to facilitate the proper handling of product, to reduce the storage and marketing cost, to make products more attractive etc.

**6. Distribution:-**Distribution covers the gap between the producer to wholesaler and wholesaler to retailer and then consumer. It is another aspect of marketing which create link between various channels.

#### **V. TYPES OF MARKETING**

##### **A. Direct Marketing**

Direct marketing means an activity, which involves marketing to produce crops by the farmers directly without any middlemen to the consumers. Direct marketing by farmers to the consumers has experimented in the country through some local Mandis in Punjab and Haryana and some other states. Farmers can take advantage of these markets by selling directly to the end user.

##### **B. Contract Marketing**

Contract marketing is a system of marketing, in which the commodity is marketed by farmers under a contract with an agency which may engage in trading or processing. In this type of marketing, a producer will produce and deliver to the contractor, a required quantity and quality of products, at a prior decided price. In this type of marketing, the agency provides input and renders technical guidance to the farmers. The company also bears the entire cost of transaction and marketing.

### **C. Kisan Call Centres**

By the Government of India (Department of Agriculture and Cooperation) a call centre, which delivers knowledge and information to the farmers, exactly as per their requirements is called as Kisan Call Centre. This scheme is available all over the country of India. It has been functioning from 2004. The Department of Agriculture and Cooperation is working on schemes to use both Mass- Media and telecom network to deliver the extension services. The objective of the scheme has been to make agriculture knowledge available at free of cost to the farmers as and when they desired. Calls can be done from any village at a specific call centre.

### **D. Forward & Futures Markets**

It is an agreement or a contract between seller and purchaser, for a certain kind and quantity of a commodity for making the delivery at a specified future time, at a contracted price. The functions which are performed by FMC are mainly advisory, monitoring, supervision and regulatory by nature. Forward contracts are mainly of two typed, Specific delivery contracts and general delivery contracts.

### **E. Rural Godowns**

Rural Godowns Scheme is started by the Directorate of Marketing and Inspection in collaboration with NABARD and NCDC. The main objective of rural godowns is to construct scientific storage godowns with allied facilities in rural areas and to establish a network of rural godowns in the States and Union Territories. The main objective of Rural Godown Scheme is to prevent distress sale of agriculture products immediately after harvest, and to reduce quantity and quality losses and to help the farmers in getting loans against the stored products.

## **VI. SCOPE OF AGRICULTURAL MARKETING AND ITS SERVICES IN INDIA**

As agricultural marketing create a distinct place, so now in India, there are several central government organizations, who are involved in agricultural marketing, like Food Corporation of India, Jute Corporation of India, Commission of Agricultural Costs and Prices, Cotton Corporation of India, etc. The number of Commodities which are compulsorily graded for export and internal consumption according to the Agricultural Produce (grading and marketing) Act of 1937 is over forty. This part of the paper describes various organizations and institutions that provide direct or indirect assistance to agricultural marketing in India.

### **1. Food Corporation Of India(FCI)**

The Food Corporation of India was set up by Department of Agriculture and Cooperation Government of India. The main object of FCI is to provide price support to producers, to distribute food grains at Concessional prices and to ensure national food security by carrying buffer stocks. The functioning of Food Corporation of India has

been assist by various government policies such as concessional credit and transport, budget support and freedom from movement controls.

## **2. Central Warehousing Corporation(CWC)&State Warehousing Corporations (SWCS)**

CWC was established during 1957. It is the largest public warehouse operator in the India. It also offers services in the area of clearing and forwarding, handling and transportation, distribution and other ancillary services like safety and security, insurance, standardization and documentation. Bonded warehouses are specially constructed at a seaport or airport and accept imported commodities for storage till the payment of customs duties by the importer of the commodities. In the different States of India there are separate warehouses called State Warehousing Corporations (SWC) in district places of the State.

## **3. Director General Of Foreign Trade (DGFT)**

Directorate General of Foreign Trade is involved with Department of Commerce, Ministry of Commerce and Industry. Its Headquartered is in New Delhi, there are four Zonal Offices of DGFT in different cities of India as Delhi, Mumbai, Kolkata and Chennai headed by Additional Director General of Foreign Trade. All over the India DGFT has 36 Regional Authorities (RAs), followed by 4 zonal offices.

## **4. Directorate Of Marketing & Inspection (DMI)**

It is an extension of Department of Agricultural and Cooperation which is governed by Ministry of Agriculture, Government of India. The Directorate provides consultancy and technical services to prospective entrepreneurs in construction, maintenance and operation of cold storages. It acts as a nodal agency which promotes cold storages in the country by coordinating Research & Development, facilitate collection and dissemination of information related to better price realization by the farmers.

## **5. Agricultural & Processed Food Products Export Development Authority (APEDA)**

APEDA was established by the Government of India under the Agricultural and Processed Food Products Export Development in 1985. It is an important organization in India that is related to agricultural. In this online trading is done. Global buyers and sellers in the agribusiness world have been given a platform to offer negotiate and perform a deal.

## **6. National Cooperative Development Corporation (NCDC)**

The National Cooperative Development Corporation (NCDC) is a Corporation controlled by the Ministry of Agriculture which was formed in 1963. Planning, promoting and financing programmes for production, processing, marketing, storage, export and import of agricultural products, food stuff, certain other notified commodities. For certain notified services in rural areas NCDC is now been able to finance.

## **7. National Agricultural Cooperative Marketing Federation (NAFED)**

NAFED was established 1958. It is registered under the Multi-State Co-operative Societies Act. It was set up with the object to promote Co-operative marketing of Agricultural Produce to benefit the farmers. Agricultural farmers are the main members of

NAFED. To organize, to promote and develop marketing, to processing and storage of agricultural, products are the main objectives of NAFED. NAFED is at present working with five retail outlets in Delhi and two in Shimla named as NAFED BAZAAR".

#### **8. State Agricultural Marketing Boards (SAMBS)**

State Agricultural Marketing boards (SAMBS) is a government agency having the function of superseding in the marketing process, with a view to serving the cause of efficient and orderly marketing. Less frequently they are intentional organisations established by farmers/producers. Marketing boards tend to be born out of government policy rather than by agreement among commercial parties. The main object of SAMBS is to improve the income of the farmer. Normally marketing boards do not provide marketing services to large estates.

#### **9. Agriculture Produce Marketing Committee (APMC)**

APMC is a committee that Regulated markets as per the provisions of the Agricultural Produce marketing Committee Acts'(APMC Act) of state Government. In 1928 a commission on agriculture named as royal commission studied the various problems related to Agriculture Markets and suggested the beginning of marketing with the regulated markets. After that many of market committees were incorporated in the different states of India.

#### **10. Alternative Systems Of Marketing**

There are some other well-organized systems of agricultural marketing in India, Some of these are as follows:

- Cotton Corporation of India (CCI)
- Jute Corporation of India (JCI)
- State Trading Corporation (STC)
- Commission for Agricultural Costs and Prices (CACPC)
- Commodities Export Councils.

### **VII. PROBLEM AREAS IN AGRICULTURAL MARKETING**

**1. Small and scattered holding:** Farmers having small and scattered holdings are found in Indian agricultural system. Thus, the cost of producing and transporting agricultural products increases and the marketing margin decreases.

**2. Lack of warehousing and storage facilities:** Farmers have to sell out their products as soon as it is ready because there is a lack of an adequate number of warehousing and storage facilities in India. It results in getting poor prices by the farmers. Most of the existing storage facilities are having very poor quality, which also affects the quality of the agricultural products.

**3. No Adequate transportation facilities:** The agricultural sector is affected mostly by lack of transport facilities which includes all weather roads, appropriate transport vehicles for transporting perishable goods and lack of linkage roads to mandis. Due to this, a big amount of money is expended over transportation costs.

**4. Complex Agricultural Credit facilities:** Lack of availability of cheap credit facility and high dependence on informal credit channel has affected the expansion and modernisation of agricultural productivity. Due to rigid

norms of the banking sector, farmers are forced to borrow money from moneylenders at a very high rate of interest. They use to sell their produce at the earliest to repay the amount taken from moneylenders to avoid the heavy interest charge.

**5. Lack of Uniformity in Grading and Standardisation:** Lack of proper grading facilities and standardized measures for categorisation of agricultural products, at the farmers' level, results in weak bargaining power and sale of products at the lower price.

**6. Poor Handling and Processing Facilities:** Lack of proper instruments for handling and processing, scientific techniques for packaging of agricultural products, resulted in heavy wastage and loss to the farmer. Poor handling and packaging expose the product to substantial physical damage and quality deterioration.

**7. Lack of Proper market information:** Generally, in rural areas, there is the unavailability of proper infrastructure. Many villages are still out of the reach of Information and Communication Technology. Due to this, farmers are unaware of the present and future prices of their products prevailing in big markets. Thus, they have to accept any price for their products offered by middlemen.

**8. Over Existence of middlemen:** Due to lack of proper transportation, warehousing and infrastructural facilities farmers are forced to sell their products at the point of origin. This widens the scope of middlemen as farmers are not directly connected to consumers. These middlemen charge high prices of these agricultural products from the customers and also resort to malpractices like hoarding and black-marketing.

**9. The Absence of Farmers' Organisations:** In India, the farmers are in scattered form and they use to sell their products individually. This results in distribution of small amount of agricultural products with high cost of transportation. Farmers have not any authorised body to guide and protect their businesses. On the other hand, traders are in organised form which enables them more powerful to bargain over prices. Under such situations, farmers will be generally exploited and do not get remunerative prices for their products.

**10. Inadequate Research on Marketing:** All the efforts of the government are directed towards maximising the agricultural production but less emphasis has been given on the conduction of new researches for developing new marketing, storage, warehousing and preservation techniques. There is also need for research on consumer demands and preferences, handling and packaging.

## **VIII. SUGGESTIONS FOR IMPROVEMENT IN AGRICULTURAL MARKETING**

The Government of India has taken several steps to uplift the status of the agricultural sector. But all these efforts are insufficient for the development of this sector. Here, few suggestions have been given for the improvement in agricultural marketing. These are as follows:

**1. More investment in Market Research and Surveys:** To make the agricultural marketing more effective it is required to conduct marketing research in the field of agriculture on regular basis. This involves huge amount to conduct marketing research to get the real and effective solutions for agricultural problems. For this, the government should allocate sufficient amount of marketing research and survey.

**2. Dissemination of proper marketing information:** The government has made various efforts to provide marketing information to the farmers relating to market trends, market price, consumer behaviour, technical equipment, etc. This information should be provided to the farmers in time so that they can use this information for improving their performance in agricultural marketing.

**3. Regulated markets:** The government of India has established number of regulated markets all over India. But it is insufficient to serve a large number of population of the country. It is suggested that government should establish more regulated market in the country.

**4. Proper storage and warehousing facilities:** Government should extend and constructs additional storage and warehousing facilities and improves their features to improve and retain the qualities of agricultural products of the farmers. The government should provide loan facilities to the farmers for storage facilities.

**5. Transportation facilities:** It is suggested that the government should make the investment for the improvement and extension of roads and transportation facilities for connecting the villages with mandis. This will help the farmers to sell their products to the customers directly or without taking the services of a number of intermediaries.

**6. Easy credit facilities:** The banks are providing credit facilities to the farmers but it is insufficient for completing their requirements. Marginal and small farmers are facing lots of problems for getting credit facilities. For this, the government should make adequate arrangements for providing loans to the farmers on more easy norms.

**7. Agricultural price policy:** The government decides the Minimum Support Price for various agricultural commodities. It is a form of market intervention by the Government of India to ensure agricultural producers against any sharp fall in farm prices. It is suggested that more agricultural products should be taken under this pricing policy.

## **IX. CONCLUSION**

Now, India has become self-sufficient in the agricultural production especially in the production of foodgrains. India stands among the top agricultural producing nations of the world today. No doubt India is an exporter of various agricultural commodities but there are some problems in agricultural marketing. Still most of the agricultural products are getting spoiled due to inefficient storage facilities, overtime delivery and Mismanagement. As most of the rural people in India are engaged in agriculture and its allied activities, more and more provisions must be made available to integrate the marketing systems for agriculture, which must be available all over the country. Without the role of farmers, agricultural market is not possible. But the role of farmers is in both the cases as buyer and as well as a sellers in agricultural market. They become buyers in agricultural inputs and tools and become sellers in the market of agricultural products. So, farmer's role is supreme in the agricultural market. There should be an encouragement in following more liberal policies in foodgrain management. Social mobilization, community participation and decentralized approach are necessary

to make the market available at low cost to the farmer community. Private trade in agricultural commodities must be enforced. Moreover there should be an agricultural marketing awareness program, which should have a reach to whole of the country.

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