

## AGRICULTURAL MARKETING IN INDIA: CONCEPT, DEFECTS AND REMEDIAL MEASURES

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### Abstracts

Agricultural marketing is a method that includes gathering, storage, preparation, shipping, and delivery of different farming materials across the country. In agriculture marketing, the selling of an agriculture product depends on various components like the demand for the product at that time, availability of storage, etc. Before Independence, farmers while selling their products to traders experienced massive incorrect weighing and manipulation of accounts. The farmers did not have required information about the prices and were forced to sell at low prices with no proper storage facility. Sometimes, the product could be sold at a weekly village market in the farmer's village or in a neighbouring village. If these shops are not available, then the product is sold at irregular markets in a nearby village or town, or in the mandi. So, the government took various measures to control the activities of the traders.

**Key words** - Agriculture, Cultivation, Marketing, Agriculture, Cultivation, Marketing,

### INTRODUCTION:

Agricultural marketing is a method that includes gathering, storage, preparation, shipping, and delivery of different farming materials across the country. In agriculture marketing, the selling of an agriculture product depends on various components like the demand for the product at that time, availability of storage, etc. Before Independence, farmers while selling their products to traders experienced massive incorrect weighing and manipulation of accounts. The farmers did not have required information about the prices and were forced to sell at low prices with no proper storage facility. Sometimes, the product could be sold at a weekly village market in the farmer's village or in a neighbouring village. If these shops are not available, then the product is sold at irregular markets in a nearby village or town, or in the mandi. So, the government took various measures to control the activities of the traders.

### What is Agricultural Diversification:

Agricultural diversification is one of the essential components of economic growth. It is the stage where traditional agriculture is transformed into a dynamic and commercial sector by shifting the traditional agricultural product mix to high standard products, which has a high potential in stimulating production rate. Here, agricultural diversification is supported by a

change in technology or consumer demand, trade or government policy, and by transportation, irrigation, and other developments of infrastructure.

### Two aspects of Diversification

- The change in the cropping pattern
- The transformation of the manpower from agricultural work to other associated activities like poultry, livestock, fisheries, etc., and also of the non-agriculture sector
- For rural people, diversification, or focusing on associate activity, is important because it gives them an opportunity to earn extra income and overcome poverty.

### Poultry and Livestock

**Animal husbandry** – Most of the farmers use the mixed crop-livestock system to increase their standards of living and income. Animal husbandry is an agricultural branch that deals with the practices of farming, breeding, and the care of farm animals like cattle, dogs, sheep, and horses. In India, about 70 million small and medium farmers, labourers, and a large number of women are dependent on the livestock sector.

**Fisheries** – Aquaculture, or fisheries, is an important part of food production that provides economic security to the millions of people besides livelihood support. In India, the total fish production contribution from inland sources is about 64% and 36% from the marine sector (sea and oceans). Today, fisheries contribute a total of 0.8% to the total GDP.

**Horticulture** – It is agriculture that deals with the plantations of the garden crop, especially that of vegetables, fruits, flowers, tuber crops, species, and ornamental or medicinal plants. These plants provide food and nutrition besides providing employment. In India, the horticulture sector contributes 6% of GDP and one-third of the agricultural output.

### Concept of Agricultural Marketing:

Agricultural marketing system is an efficient way by which the farmers can dispose their surplus produce at a fair and reasonable price. Improvement in the condition of farmers and their agriculture depends to a large extent on the elaborate arrangements of agricultural marketing.

The term agricultural marketing include all those activities which are mostly related to the procurement, grading, storing, transporting and selling of the agricultural produce. Thus Prof. Faruque has rightly observed: “Agricultural marketing comprises all operations involved in the movement of farm produce from the producer to the ultimate consumer. Thus, agricultural marketing includes the operations like collecting, grading, processing, preserving, transportation and financing.”

## Present State of Agricultural Marketing in India:

In India four different systems of agricultural marketing are prevalent:

**1. Sale in Villages:** The first method open to the farmers in India is to sell away their surplus produce to the village moneylenders and traders at a very low price. The moneylender and traders may buy independently or work as an agent of a bigger merchant of the nearby mandi. In India more than 50 per cent of the agricultural produce are sold in these village markets in the absence of organized markets.

**2. Sale in Markets:** The second method of disposing surplus of the Indian farmers is to sell their produce in the weekly village markets popularly known as 'hat' or in annual fairs.

### 3. Sale in Mandis:

The third form of agricultural marketing in India is to sell the surplus produce through mandis located in various small and large towns. There are nearly 1700 mandis which are spread all over the country. As these mandis are located in a distant place, thus the farmers will have to carry their produce to the mandi and sell those produce to the wholesalers with the help of brokers or 'dalals'. These wholesalers or mahajans again sell those farm produce to the mills and factories and to the retailers who in turn sell these goods to the consumers directly in the retail markets.

**4. Co-operative Marketing:** The fourth form of marketing is the co-operative marketing where marketing societies are formed by farmers to sell the output collectively to take the advantage of collective bargaining for obtaining a better price.

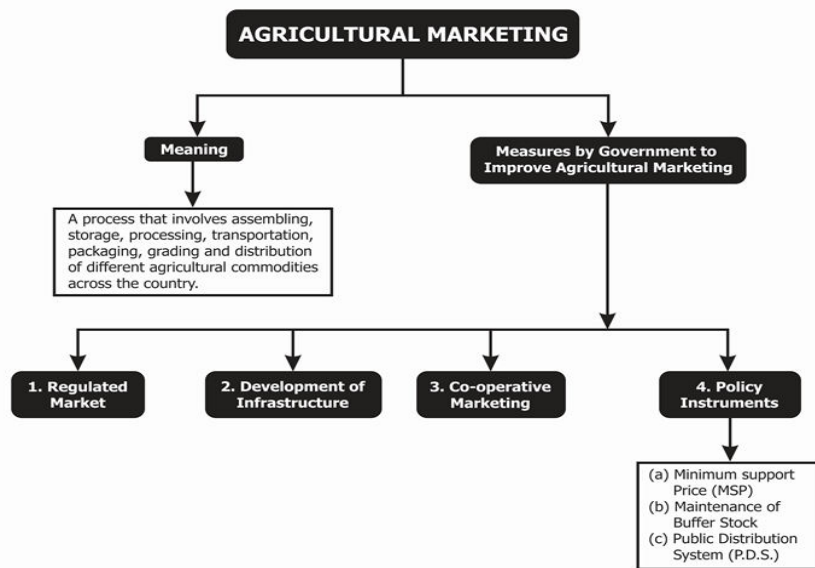
## Defects of Agricultural Marketing in India:

Following are some of the main defects of the agricultural marketing in India: 1. 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.

2. 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.

**3. 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.

- 4. Unfavourable Mandis:** The condition of the mandis is 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 take help of the middleman or dalal who take away a major share of the profit, and finalizes the deal either in his favour or in favour of arhatiya 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.
- 5. 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.
- 6. 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.
- 7. 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.
- 8. 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."
- 9. 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.
- 10. 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.
- 11. Unfavourable Conditions:** Farmers are marketing their product under adverse 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.



### Remedial 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:

#### The four Government Measures to Improve Agriculture Marketing

- The initial step was to regulate the market and plan a clean, transparent and simple marketing strategy. This regulation helped both the farmers and the consumer. But it still needs to realize the full potential of rural markets.
- The second measure was the procurement process like transportation facilities, warehouse, cold storage, godowns, and the processing unit. However, the current infrastructure is inadequate to adhere to the growing demand and therefore needs to be improved.
- The third aspect is to decide on the fair price for the product. In the past, it has been a setback due to the unequal coverage of farmer members and the absence of a suitable link between marketing, processing cooperatives, and inefficient financial management. Example of a successful cooperative is the Gujarat milk cooperative which transformed the social and economic landscape of Gujarat.
- The last one is policies such as.
  1. Guarantee of Minimum Support Prices (MSP) for agricultural products
  2. Storage of surplus stocks of wheat and rice by Food Corporation of India (FCI)
  3. Distribution of food staples and sugar through PDS

All these measures were penned down to guard the income of the farmers and procuring agriculture products in the subsidized rate to the underprivileged. However, in spite of government interference in agriculture marketing, private traders still dominate the agricultural markets.

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

### Conclusion:

All produce - every grain; every ounce; every drop - from agriculture sector must find gainful end-use. Demand-driven production of agricultural produce, rather than production-propelled marketing, is the need of the day now. India is one of the largest markets for agricultural produce and markets need to function as a unified platform to make all consumers accessible to all the farmers in the country.

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