



ISSUES AND CHALLENGES OF AGRICULTURAL MARKETING

Economics

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ABSTRACT

Indian agriculture can play an imperative role in economic development. It is therefore agricultural production should be stepped up. To enhance in agricultural production calls for a synchronized improvement in the marketing system. Thus for the country chiefly dependent upon agriculture the proficient agricultural marketing system is very indispensable and vital. The agricultural sector today is facing serious intimidation and challenges. The farmers are so poverty incapacitated and indebted. As a outcome, the death toll of farmers' suicides is rapidly increasing at an alarming rate. The contribution of agriculture to GDP has been declining year after year. There is shift in agricultural labour force. The statistical data reveal that agricultural labour forces are shifting towards the construction industry, textile industry and other unorganized sectors, causing scarcity of labour force. The excess use of fertilizer, pesticides further affects the productivity.

KEYWORDS:**INTRODUCTION**

Co-operative marketing societies are agricultural non credit societies organized by the producers for the sale of their commodities. Their main objectives are to make arrangements for the sale of agricultural produce, to grant crop loan facility to the agriculturists, to encourage the members to grow the latest improved and standardized varieties of produce, to arrange godown facility for the storage of produce, to arrange processing, thereby, assure the farmers a better price and so on. India is an agricultural country. Agriculture is the mainstay of the Indian economy. Agriculture and allied sectors contribute nearly 22 per cent of Gross Domestic Product (GDP of India), while about 65-70 per cent of the population is dependent on agriculture for their livelihood. 60 per cent of the total workforce is employed in agriculture sector. Agriculture is still the largest economic sector and plays a significant role in the overall socio-economic development of India.

AGRICULTURAL MARKETING

The term agricultural marketing is composed of two words - agriculture and marketing. Agriculture, in the broadest sense means activities aimed at the use of natural resources for human welfare, and marketing connotes a series of activities involved in moving the goods from the point of production to the point of consumption. Specification, the subject of agricultural marketing includes marketing functions, agencies, channels, efficiency and cost, price spread and market integration, producer's surplus etc.

CONCEPT OF AGRICULTURAL MARKETING

Marketing is as critical to better performance in agriculture as farming itself. Therefore, market reform ought to be an integral part of any policy for agricultural development. The term agricultural marketing is composed of two words-agriculture and marketing. Agriculture, in the broadest sense, means activities aimed at the use of natural resources for human welfare, i.e., it includes all the primary activities of production. Marketing connotes a series of activities involved in moving the goods from the point of production to the point of consumption.

Agricultural marketing involves essentially the buying and selling of agricultural produces. This definition of agricultural marketing may be accepted in olden days, when the village economy was more or less self-sufficient, when the marketing of agricultural produce presented no difficulty, as the farmer sold his produce directly to the consumer on a cash or barter basis. But, in modern times, marketing of agricultural produce has to undergo a series of transfers or exchanges

from one hand to another before finally reaches the consumer.

Agricultural marketing system is defined in broadest terms, as physical and institutional set up to perform all activities involved in the flow of products and services from the point of initial agricultural production until they are in the hands of ultimate consumers. This includes assembling, handling, storage, transport, processing, wholesaling, retailing and export of agricultural commodities as well as accompanying supporting services such as market information, establishment of grades and standards, commodity trade, financing and price risk management and the institutions involved in performing the above functions.

According to Khols", marketing is the performance of all business activities involved in the flow of goods and services from the point of initial agricultural production until they are in the hands of the ultimate consumer. 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 markets are special types of markets that have special characteristics that differ from other markets. These are mainly due to factors affecting supply of agricultural products, and the situation of producers in this business. First of all the agricultural market is very competitive because the producers are all very small and large in number. Therefore, they don't have a great influence on the price of their products. Agricultural producers are what are known as price takers, producers that have little or no influence on the price of their output.

CHALLENGES OF AGRICULTURAL MARKETING

The major challenges in domestic agricultural marketing are as follows

- Variation in Market Fees/Market Charges
- Neglect of Rural Markets

- Absence of a Common Trade Language
- Controls Under Essential Commodities Act
- Variation in Entry Tax and Sales Tax

ISSUES AND CHALLENGES OF AGRICULTURAL MARKETING

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.

The globalization has brought drastic changes in India across all sectors and it is more so on agriculture, farmers and made a deep impact on agricultural marketing. It is basically because of majority of Indians are farmers. It has brought several challenges and threats like uncertainty, turbulence, competitiveness, apart from compelling them to adapt to changes arising out of technologies. If it is the dark cloud there is silver lining like having excellent export opportunities for our agricultural products to the outside world.

The basic objective of setting up a network of regulated markets has been to ensure reasonable gain to the farmers by creating environment in markets for fair play of supply and demand forces, regulate market practices and attain transparency in transactions.. The producer was subjected to innumerable levies and charges, without having any say in the judicious utilization of the amount paid by him. He was also denied a large part of his produce by manipulation and defective use of weights and scales in the market.

Many commissions and committees were set up by the Government of India recommend measures to rectify the situation. It was recommended to enact a market legislation to regulate the markets. Most of the state governments and Union Territories have since enacted legislations (Agriculture Produce Marketing Committee Act) to provide for development of agricultural produce markets and to achieve an efficient system of buying and selling of agricultural commodities.

PROBLEMS FACED BY CO-OPERATIVE MARKETING SOCIETIES IN INDIA

Procurement and Processing Problems

Two-third of the societies has been facing the problem of raw material scarcity. This problem is persisting at aggravate level especially for coconut processing societies, paddy marketing societies and also for rubber marketing societies. Though the state of Kerala is a state with surplus coconut, many of the coconut processing societies are forced to restrict their operation once or twice in a week for want of raw material. Coir manufacturing societies have to purchase coconut fiber from Tamil Nadu and paddy marketing and processing societies depend on Andhra and Karnataka for their raw material. Due to competition from private traders, rubber marketing societies are facing the shortage of raw materials.

Financial Problems

Shortage of working capital, high cost of operation, price fluctuations in agricultural produce, higher employee cost and over dependence on loans from apex bodies are the major problems of financial nature to the co-operative marketing societies in India. When the problems like over acceptance of deposits and huge interest cost are existing at

moderate level, the problem of bad debts is at very lower level. Here also the Binomial test results validate the findings of descriptive analysis.

Marketing Problems

With regard to the marketing nature of the problems faced by the co-operative marketing societies in India, except location, the societies found problems at aggravate level, while rendering their marketing services. Because of the financial constraints the societies are not able to use the services of trained and professionally qualified personnel for their marketing operations.

Only in four marketing societies in India, professionally qualified Managing Directors/Secretaries are appointed, and in all other societies, Higher Diploma in Co-operation is the qualification for the Managing Directors/ Secretaries who do not have any professional skills in marketing. Most of these societies (81.80%) have no self owned brand, which is a must for the success of any marketing firm today. About 85 per cent of societies are unable to use professional skills in marketing. The staff of most of the co-operative marketing societies (90%) is not willing to keep, personal contact with the members which is essential for reducing the attrition of existing members as well as the attraction of new members.

Infrastructure Problems

An effective infrastructural facility is necessary for increasing agricultural productivity. For the modernization of agriculture through technological innovations, the most essential components of infrastructure are rural electrification, transport and communication, marketing facility and education. Rural electrification is the most important infrastructure for the development of agriculture. Availability of assured and abundant cheap power in the rural areas is a pre-requisite for the introduction of perennial irrigation in the agricultural fields. By bringing electricity to the villages, to be used for domestic purposes and for pumping water from wells, cost can be efficiently reduced. Pumping water for irrigation by electricity costs only one-tenth of the cost of lifting it by bullock-power and one third of that of using diesel engines. Therefore, electricity in the rural areas must be regarded as a vital need rather than an amenity or luxury

Ineffective Administration

The qualified managers cannot be employed by the society and the performance of the administration remains poor.

Delay in Marketing Decision

The working of the co-operative marketing society is also affected badly by the delay in decisions because it takes sometimes to call the meeting and consulting the members.

Poor Performance of Shops

The co-operative marketing shops performance is very poor and they do not pay the money to the farmers in time.

Other Problems

One of the worst problems faced by the farmers is that of marketing their products for which majority of the farmers fail to get remunerative prices and compel to dispose their products at a very low price and thereby the middlemen avail the opportunity of deriving undue benefits. It is no denying the fact that the present scenario of agricultural marketing in India is very unacceptable and unfavorable which is mainly due to the major constraint that the farmers usually do not have information about the prevailing market prices of commodities. These shortcomings help the middlemen to play a dominating role in collecting the produce from the producers than what they pay in return. Marketing is critical to agricultural farming.

SUGGESTIONS FOR IMPROVEMENTS (SOLUTIONS)

The problems of co-operative marketing can be solved by adopting the following measures:

- The co-operative marketing society should hire the services of

trained and qualified managers to improve the performance of the society.

- The co-operative marketing society should provide the maximum storage facilities to the farmers to save the wastage of crops.
- In order to increase the business volume of the society, government should provide the finance facility to the society. In this way society can increase the scale of business.
- The government should provide the transport facilities like roads to link the rural areas with the markets. It will encourage the society members.
- The Managing Directors/Secretaries must have professional qualifications and experience in marketing and finance.
- Incentives/Premium bonus payments must be introduced in marketing societies on the basis of the sales revenue, generated by the salesmen, which persuade them to attain more sales.
- In this modern world, most of the co-operative processing units were using traditional and obsolete machinery for production. By utilizing depreciation fund, modernize the plant and machinery.
- The co-operative marketing societies must undergo processing of food articles and value addition to the agricultural produce, so that, the farmers can get fair prices, and at the same time employment is generated.
- All the marketing societies must install computer and must have their own website which are essential for online and export trading.

CONCLUSION

Marketing is the heart of the whole food and agricultural problem in almost all developing countries. It would be useless to increase the agricultural production as well as productivity, unless means could be found to move the agricultural produce from the producers' field to the consumers' store room at a price which represents fair remuneration to the producers on the one side and the consumers' ability to pay on the other side. It is in this respect, that the agricultural marketing societies in India provide an organized forum for selling the agricultural produce of farmers at a fair price and also offer reliable and modern means to compete with the private enterprises which is better placed in terms of technological and financial resources.

The role of the co-operatives has progressively expanded in the field of agricultural marketing. Besides, there are many co-operative agro processing units that promise extra ordinary potential to boost the Indian Economy. Thus, the agricultural marketing and the agri-business co-operatives occupy an important place in the overall strategy for agricultural development in India. Hence, the marketing co-operative societies are indispensable for the growth of agricultural community and the government must take all the necessary steps to revive them from their dormancy and thereby enable the agriculturists to get the maximum possible prices.

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