



PROBLEMS AND PROSPECTS OF AGRICULTURAL MARKETING IN INDIA: A STUDY

Economics

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ABSTRACT

Indian agriculture can play a vital role in economic development. It is therefore agricultural production should be stepped up. The increase in agricultural production calls for a simultaneous improvement in the marketing system. Thus for the country predominantly dependent upon agriculture the efficient agricultural marketing system is very essential and vital. The agricultural sector today is facing serious threats and challenges. The farmers are so poverty stricken and indebted. As a consequence, 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.

Agriculture is different from industry and plays a significant role in the economic development of a nation. India's prosperity depends upon the agricultural prosperity. There are many kinds of agricultural products produced in India and the marketing of all these farm products generally tends to be a complex process. Agricultural marketing involves many operations and processes through which the food and raw materials move from the cultivated farm to the final consumers. Agriculture provides goods for consumption and exports and manufacturing sectors. The suitable marketing system should be designed so as to give proper reward or return to the efforts of the tiller of the soil. Market information is a means of increasing the efficiency of marketing system and promoting improved price formation. It is crucial to the farmers to make informed decisions about what to grow, when to harvest, to which market produce should be sent and whether or not to store it. Awareness of farmers on different components of market information and its utility was very poor (11 to 37%) as compared to that of traders (75%). Out of the expectations of farmers on grades, quality, prices in potential markets, price projections; only real time arrivals and prices were documented and disseminated with traditional approach. Hence there is a need to create awareness among the farmers through the agricultural extension agencies like the State Department of Agriculture, Krishi Vigyan Kendras so that the marketing information on agriculture commodities are incorporated in the extension services along with production aspects to the farmers.

KEYWORDS

Agriculture, Cultivation, Marketing, food-grains and productivity.

INTRODUCTION:

Agricultural marketing consist of two major concepts viz., "agriculture" and "marketing". The first concept agriculture aims at producing the agro food products with the use of natural factors for the welfare of human. It is fully depends on natural processing. The second concept marketing refers to the activities that are done by the business organizations to promote their products and services to their targeted customers. In marketing the targeted customers can be attracted and maintained by creating strong customer values for them in the organization. It is possible through, effective market survey, market trending, better customer service and satisfaction, customer focus and continuous follow up.

The concept agricultural marketing includes many activities starts from production process till its retailing. The activities involved are production planning, cropping and harvesting, warehousing, grading, transportation and final distribution. There are varieties of agro products which are produced with dual purpose of domestic consumption as well as exporting. In the chain of agricultural marketing number connecting links such as farmers, suppliers, functionaries, importers, exporters, external beneficiaries and customers are involved.

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, assembling, grading, storage, transportation and distribution.

DEFINITION OF AGRICULTURAL MARKETING:

According to the National Commission on Agriculture (XII Report, 1976), agricultural marketing is a process which starts with a decision to produce a saleable farm commodity, and it involves all the aspects of market structure or system, both functional and institutional, based on technical and economic considerations, and includes pre- and post-harvest operations,

FUNCTIONS OF AGRICULTURAL MARKETING:

The major marketing functions involved in agricultural marketing are:

- Concentration
- Grading
- Processing
- Warehousing
- Packaging
- Distribution

Concentration:

The foremost function to be performed in agricultural marketing is to collect the agro produce ready to sale in a central place for economic buying purpose.

Grading of Agro Produce:

Grading is the process of segregating the huge amount produce into different categories on the basis of variety, quality, size, etc. This can help to establish standards for those produce.

Processing:

It is the stage where the farm products are transformed into consumable products. For example: paddy into rice processing.

Warehousing:

Warehousing is storing the products from production till its final consumption. This helps to preserve the products from spoil, contamination, etc.

Packaging: Packaging of products is another essential function for easy handling, preventing from deterioration, attracts customers, etc.

Distribution: The last function performed in all marketing is distribution of products from the place of warehouse to retail outlet for final consumption.

IMPORTANCE OF AGRICULTURAL MARKETING:

- Break the vicious circle of poverty
- Optimum utilization of agricultural resources
- Enhance the standard of living
- Basis of employment opportunity
- Basis of industrial development

- Creation of utilization
- Basis of foreign trade
- Source of national revenue
- Create the environment for investment

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/Octroi and Sales Tax
- Other Barriers

PROBLEMS AND PROSPECTS 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. 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.

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

General Problems:

In addition to the function related problems, there are many general type problems also, faced by the co-operative marketing societies in India. One of the major problems of this category faced by the societies is political interference in managerial decision making. The election to the governing body is solely on political basis and when a conflict arises between the institutions' interest and boards' interest, the interest of the latter shall prevail. More than 90 per cent of the societies face this problem in India.

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.
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society.

- 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 cooperative marketing society should provide the maximum storage facilities to the farmers to save the wastage of crops.
- The Managing Directors/Secretaries must have professional qualifications and experience in marketing and finance.
- In the case of processing societies, the cost control measures, such as material control, labour control, and overhead control must be introduced and the accounts must be compulsorily audited by a professionally qualified auditor.
- 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.
- Godowns must be given to the agricultural community, at a nominal rent to store their agricultural produce, and sell the produce when the prices increase. Proper steps are to be taken to make the members aware of the storage facilities available in the society, and ensure that all the interested members avail such a facility.
- 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 members of the staff must undergo compulsory training/ orientation/ refresher courses at least four times in their service period, which should be considered as a prerequisite for promotion.
- 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 crux 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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