



## Agricultural Marketing in India

\* C.ELAMATHI

\* MCom., MBA., MPhil., PhD, Research Scholar Dept. of Commerce, ADM College for Women, Nagappattinam.

### ABSTRACT

*Our country is endowed with a good degree of ethnic and regional diversity. About three-fourth of the total population resides in the rural areas and majority of them are dependent upon agriculture for their subsistence. Agriculture contributes about 24.7% to the Gross Domestic Product (GDP) of the country. It also contributes about 13.1% to the total Indian exports. This sector provides employment to 58.4% of the country's workforce and livelihood to more than 650 million people. Despite this fact, the condition of these people has not shown any significant improvement.*

*Agriculture is the dominant sector of Indian economy, which determines the growth and sustainability. About 65 per cent of the population still relies on agriculture for employment and livelihood. So the main aim of this paper is to present, what are the challenges and Present Constraints in the Agriculture Marketing in India.*

**Keywords : Agriculture marketing methods of sale, challenges, Present Constraints.**

### 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 labor", 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.

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 qualities are 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.

### Objectives of the study

1. To study the Methods of Sale and Marketing Agencies.
2. To analyse the objectives and challenges of Agricultural Marketing in India
3. To review the Present Constraints and Reforms Agricultural Marketing

### Data collections

To analysis will be done with the help of secondary data .The data collected mainly websites, annual reports, research reports, Already conducted survey analysis.

### Objectives of an efficient Agricultural Marketing

- To enable the primary producers to get the best possible returns.
- To provide facilities for lifting all produce, the farmers are willing, to sell at an incentive price.
- To reduce the price difference between the primary pro-

ducer and ultimate consumer.

- To make available all products of farm origin to consumers at reasonable price without impairing on the quality of the produce.

### Needed for Agricultural Marketing

- He should have proper facilities for storing his goods.
- He should have holding capacity, in the sense, that he should be able to wait for times when he could get better prices for his produce and not dispose of his stocks immediately after the harvest when the prices are very low.
- He should have adequate and cheap transport facilities which could enable him to take his surplus produce to the mandi rather than dispose it of in the village itself to the village money-lender-cum-merchant at low prices.
- He should have clear information regarding the market conditions as well as about the ruling prices, otherwise may be cheated. There should be organized and regulated markets where the farmer will not be cheated by the "dalals" and "arhatiyas".
- The number of intermediaries should be as small as possible, so that the middleman's profits are reduced. This increases the returns to the farmers.

### Challenges of Present Marketing System

1. Improper warehouses
2. Lack of grading and standardization
3. Inadequate transport facilities
4. Presence of a large number of middlemen
5. Malpractices in unregulated markets
6. Inadequate market information
7. Inadequate credit facilities

### Methods of Sale and Marketing Agencies

#### 1. under cover or the Hatta System

Under this system, the sale is effected by twisting or clasp the fingers of the sellers agent under cover of a cloth. The cultivator is not taken into confidence until the final bid is cleared.

#### 2. Open auction system

Under this system the agent invites bids for the produce and

to the highest bidder the produce is sold.

### 3. Dara system

Another related system is to keep the heaps of grains of different quantities and sell them at fiat rates without indulging in weightment etc.

### 4. Moghum sale

Under this system, sale is based on the verbal understanding between buyers and sellers and without mentioning the rate as it is understood that the buyers will pay the prevailing rate.

### 5. Private agreement

The seller may invite offers for his produce and may sell to one who might have offered the highest price for the produce.

### 6. Government purchase

The government agencies lay down fixed prices for different qualities of agriculture commodities. The sale is effected after a gradual processing for gradation and proper weightment. This practice is also followed in co-operative and regulated markets.

### 7. Marketing agencies

The various agencies engaged in the marketing of agricultural produce can be classified into two categories, viz., (i) government and quasi private agencies like the co-operative societies and (ii) private agencies. A chain of middlemen may be found operating both in Government and private agencies.

## Agricultural Marketing in India

### 1. Sale to moneylenders and traders

A considerable part of the total produce is sold by the farmers to the village traders and moneylenders. According to an estimate 85% of wheat, 75% of oil seeds in U.P., 90% of jute in West Bengal and 60% of wheat, 70% of oil seeds and 35% of cotton in Punjab are sold by the farmers in the villages themselves.

### 2. Hats and shanties

Hats are village markets often held once or twice a week, while shanties are also village markets held at longer intervals or on special occasions. The agents of the wholesale merchants, operating in different mandies also visit these markets.

The area covered by a "hat" usually varies from 5 to 10 miles. Most of "hats" are very poorly equipped, are uncovered and lack storage, drainage, and other facilities. It is important to observe that only small and marginal farmers sell their produce in such markets.

### 3. Mandies or wholesale markets

In such mandies, business is carried on by arhatiyas. The farmers sell their produce to these arhatiyas with the help of brokers, who are generally the agents of arhatiyas. Because of the malpractices of these middlemen, problems of transporting the produce from villages to mandies, the small and marginal farmers are hesitant of coming to these mandies.

The arhatiyas of these mandies sell off the produce to the retail merchants. However, paddy, cotton and oilseeds are sold off to the mills for processing. The marketing system for sugarcane is different.

### 4. Co-operative marketing

To improve the efficiency of the agricultural marketing and to save farmers from the exploitation and malpractices of middlemen, emphasis has been laid on the development of co-operative marketing societies.

## Improvement of Agricultural Marketing System

Government of India has adopted a number of measures to improve agricultural marketing, the important ones being - establishment of regulated markets, construction of warehouses, provision for grading, and standardization of produce,

standardization of weight and measures, daily broadcasting of market prices of agricultural crops on All India Radio, improvement of transport facilities, etc.

### 1. Marketing surveys

In the first place the government has undertaken marketing surveys of various goods and has published these surveys. These surveys have brought out the various problems connected with the marketing of goods and have made suggestions for their removal.

### 2. Grading and standardization

The government has done much to grade and standardize many agricultural goods. Under the Agricultural Produce (Grading and Marketing) Act the Government has set up grading stations for commodities like ghee, flour, eggs, etc. The graded goods are stamped with the seal of the Agricultural Marketing Department -AGMARK The "Agmark" goods have a wider market and command better prices.

### 3. Organization of regulated markets

Regulated markets have been organized with a view to protect the farmers from the malpractices of sellers and brokers. The management of such markets is done by a market committee which has nominees of the State Government, local bodies, arhatiyas, brokers and farmers. Thus all interests are represented on the committee. These committees are appointed by the Government for a specified period of time. The functions are follows.

- a. fixation of charges for weighing, brokerages etc.,
- b. prevention of unauthorized deductions, underhand dealings, and wrong practices by the arhatiyas,
- c. enforcing the use of standardized weights,
- d. providing up to date and reliable market information to the farmers, and
- e. settling of disputes among the parties arising out of market operations.

### 5. Dissemination of market information

The government has been giving attention to the broadcasting of market information to the farmers. Since most villages have radio sets, these broadcasts are actually heard by farmers. The newspapers also publish agricultural prices either daily or weekly accompanied by a short review of trends.

### 6. Directorate of marketing and inspection

The directorate was set up by the Government of India to co-ordinate the agricultural marketing of various agencies and to advise the Central and State Governments on the problems of agricultural marketing. Activities of this directorate include the following.

- a. promotion of grading and standardization of agricultural and allied commodities;
- b. statutory regulation of markets and market practices;
- c. training of personnel;
- d. market extension;
- e. market research, survey and planning and

### 7. Government purchases and fixation of support prices

In addition to the measures mentioned above, the Government also announces minimum support price for various agricultural commodities from time to time in a bid to ensure fair returns to the farmers. These prices are fixed in accordance with the recommendations of the Agricultural, Price Commission.

## Present Constraints in the System:

The purpose of state regulation of agricultural markets was to protect farmers from the exploitation of intermediaries and traders and also to ensure better prices and timely payment for their produce. Over period of time, these markets have, however, acquired the status of restrictive and monopolistic markets, providing no help in direct and free marketing, organized retailing and smooth raw material supplies to agro-in-

dustries.

#### 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.

#### Conclusion

A good marketing system is one, where the farmer is assured

of a fair price for his produce and this can happen only when the following conditions are obtained. The number of intermediaries between the farmer and the consumer should be small; the farmer has proper storing facilities so that he is not compelled to indulge in distress sales,

Efficient transport facilities are available; the malpractices of middlemen are regulated,

Farmers are freed from the clutches of village moneylenders and Regular market information is provided to the farmer.

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