

17. A Study on Agricultural Produce Marketing in India

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Abstract

Indian agriculture has moved towards commercialization. Directly or indirectly agriculture in India has continued to be the source of livelihood to majority of the population. Indian agriculture has seen changes in structure from time to time when needed. India has performed well in agricultural production. Government of India has put agricultural development as its prime responsibility as the producer/farmer must get a maximum share in the consumer Rupee. The present paper highlights some of the organizations and institutions that provide direct and indirect agricultural marketing and allied services for the ease and accessibility to the producer/farmer on one side and the consumer on the other. The alternative services available in agricultural marketing in India that could provide additional value in the agricultural development. In the end the paper provide some suggestions that could help to make agricultural marketing services better, more valuable and economical for the producer/farmer, the consumer and the country as whole.

Keywords: Agricultural Marketing, Agri-Business, Agricultural Cooperatives, Agricultural Development

Introduction

India is an agricultural country and one third population depends on the agricultural sector directly or indirectly. Agriculture remains as the main stay of the Indian economy since times immemorial. Indian agriculture contribution to the national gross domestic product (GDP) is about 25 per cent. With food being the crowning need of mankind, much emphasis has been on commercialising agricultural production. For this reason, adequate production and even distribution of food has of late become a high priority global concern.

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.

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 quality is often forced out of business.

Meaning

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, assembling, grading, storage, transportation and distribution.

Objective of Study

- 1) To understand the agricultural marketing services.
- 2) To know the functions in agricultural marketing.

Methodology

Research methodology is totally based on Secondary data from newspaper, magazines, books, E- journals.

Agricultural Marketing in India

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.

Globalisation

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,

trubulence, 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.

Agricultural Market Reforms

Below are the certain measures that can be affected to bring out the reforms in agricultural marketing so as to ensure just and fair price for the farming community.

1. Provide loans to the farmer at low rate of interest so that they will be freed from the clutches of local moneylenders who squeeze them. It is said that farmer in born into debt, lives in debt and dies in debt. Right from the beginning of the life, the poor farmers approach money lenders for investing into cultivation who levies very high rate of interest and who takes away the maximum amount of the share from the produce. In case if the crop fails due to natural calamities then the situation would be worse as the farmer is not in a position to pay his loans. And ultimately he is forced to sell the land at throw away price to the money lender.
2. It is essential to provide subsidized power supply and loans to the farmers as the expenses towards power consumption takes considerable amount of investments.
3. Generate a new distribution network that connects the farmers directly to the consumers to get maximum returns as the present channel of distribution involves multiple mediatory who take away the major portion of profits which otherwise the farmers is supposed to get.
4. Elimination of the existing loopholes in the present legislations is warranted.
5. There should be stringent action against black marketers and hoarders who buy the stocks from farmers at cheap prices and create artificial demand and then sell the stocks at higher prices.
6. Creating local outlets at each village where the farmers sell their stocks directly to the consumers or the authorized buyers at fixed prices would help to a great extent. Intervention of government in this network is essential to bring the fruits to the farmers.
7. At the village level there should be counseling centers for farmers about the worth of their stocks so that they can get fair price. The crucial role of Non-Governmental Organizations (NGOs) is needed in this context.

8. The existing legislations are outdated and are not in tune with the changing trends and technological inventions and the same need to be updated forthwith.

Agricultural Marketing Services in India

This part of the study explores various organizations and institutions that provide direct or indirect assistance to agricultural marketing in India are as follows:-

Food Corporation of India

The Food Corporation of India under the Department of Agriculture and Cooperation Government of India was set up to provide price support to producers, to distribute food grains at concessional prices through to the poor through the Public Distribution System (PDS) and to ensure national food security by carrying buffer stocks. The operation of the Food Corporation of India has been facilitated by various government policies such as concessional credit and transport, budget support and freedom from movement controls. The poverty line is price inelastic. Given the price inelasticity of demand an increase in food prices, ceteris paribus, would erode the real income of population and particularly that of the poor who spend a major share of their income on food. Also fluctuations in prices would affect adversely the long term investment and production decisions of producers and lead to a suboptimal allocation of resources. Therefore the government concluded intervention in food grain markets as a trader was warranted.

Directorate of Marketing & Inspection (DMI)

It is an extension of Department of Agricultural and Cooperation, Ministry of Agriculture, Government of India; The Directorate provides consultancy and technical services to prospective entrepreneurs in construction, maintenance and operation of cold storages. The DMI acts as a nodal agency to promote cold storages in the country by coordinating Research & Development in cold storage, facilitate collection and dissemination of information related to better price realization by the farmers, to sensitize and orient farmers to new challenges in agricultural marketing by using ICT as a vehicle of extension, to improve efficiency in agricultural marketing through regular training and extension for reaching region specific farmers in their own languages, to provide assistance for marketing research to generate marketing information for its dissemination to farmers and other market function are is to create an ambience of good marketing practices in the country.

Agricultural & Processed Food Products Export Development Authority (APEDA)

The Agricultural and Processed Food Products Export Development Authority (APEDA) was established by the Government of India under the Agricultural and Processed Food Products Export Development in December, 1985. It is another organization that is related to agricultural trade in India. A Trade portal on Agri Exchange exists, where online trading is done, in its stride, joint collaboration of United Nations Conference on Trade and Development (UNCTAD) and Ministry of Agriculture has given the portal a shape. Globally buyers and sellers in the agri-business world have been given a platform to offer negotiate and perform a deal. Apart from this, it has been loaded with latest information of 550 products related to APEDA and the World. Agri exchange thrives to provide information matching the needs of the stakeholders of the agricultural economy in general and agricultural commodities trade in particular. The only vision is to cater the Agri business community and see them growing day and day by taking the benefit of the portal.

National Cooperative Development Corporation (NCDC)

The National Cooperative Development Corporation (NCDC) was established in 1963 as a statutory Corporation under the Ministry of Agriculture. Planning, promoting and financing programmes for production, processing, marketing, storage, export and import of agricultural produce, food stuffs, certain other notified commodities e.g. fertilizers, insecticides, agricultural machinery, soap, kerosene oil, textile, rubber etc., supply of consumer goods and collection, processing, marketing, storage and export of minor forest produce through cooperatives, besides income generating stream of activities such as poultry, dairy, fishery, sericulture, handloom etc.

National Agricultural Cooperative Marketing Federation (NAFED)

NAFED was established 1958. NAFED is registered under the Multi State Co-operative Societies Act. NAFED was setup with the object to promote Co-operative marketing of Agricultural Produce to benefit the farmers. Agricultural farmers are the main members of NAFED. The objectives of the NAFED are to organize, promote and develop marketing, processing and storage of agricultural, horticultural and forest produce, distribution of agricultural machinery, implements and other inputs, undertake inter-State, import and export trade, wholesale or retail as the case may be and to act and assist for technical advice in agricultural production for the promotion and the working of its members and cooperative marketing, processing and supply societies in India.

State Agricultural Marketing Boards (SAMBS)

State Agricultural Marketing boards (SAMBS) occur as a government agency and/or constitutional organisation having the function of intervening 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. Their chief object is to improve the income of the smallholder, grower, and/or livestock farmer. Marketing boards do not normally provide marketing services to large estates or plantations. Prior to the adoption of structural adjustment and market liberalization nearly all Marketing boards served as price stabilizing boards. Another characteristic of marketing board's is their focus on durable products. Marketing boards are normally given authority for 'controlled' or 'scheduled crops'. The crops controlled are millet, sorghum, rice, wheat, maize, groundnuts and palm oil and 'colonial' crops such as cocoa, cotton, coffee, tea, tobacco and rubber. In some cases, the marketing board performs all of the marketing functions itself but in others it cooperates with private enterprise by, for example, hiring storage facilities or appointing local buying agents.

Agriculture Produce Marketing Committee (APMC)

Regulated markets are established as per the provisions of the 'Agricultural Produce marketing Committee Acts' (APMC Act) of state Government. The royal commission on agriculture 1928 studied the problem and suggested beginning with the regulated markets and consequently various market committees were incorporated in different states. These regulated markets function under the market committees as per the regulations in the APMC act. Most of the wholesale markets and some of the rural primary markets have been brought under the regulation.

Central Warehousing Corporation (CWC) & State Warehousing Corporations (SWCS)

CWC was established during 1957. It is the largest public warehouse operator in the country. Apart from storage, CWC also offers services in the area of clearing and forwarding, handling and transportation, distribution, disinfestations, fumigation and other ancillary services like safety and security, insurance, standardization and documentation. CWC operates 66 Custom Bonded Warehouses with a total operated capacity of nearly 0.42 million Mts. These 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. Different States have set up their own warehouses in the country called State Warehousing

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.

Suggestions

1) Enhancement of farmers income

Agricultural services plays vital role in enhancement of farmers income. By giving them proper advice of crop pattern latest technology etc.

2) Increase in minimum support price

Farmers basic demand is very clear, they want minimum support price for their produce. Govt. may look in to this issue.

3) Storage facility

Agriculture produce needs special care in handling and storing of food and food grains. If increase in total storage capacity of particular commodity will enhance the life of produce.

For example cold storage in grapes produce.

4) Active participation of market committee in price determination

Farmer is backbone of any nation. If farmers survive then automatically nations population will survive. Farmers are real hero of economy too. For that purpose minimum support price has to decide for their products. It will increase their per capita income and they will happy with their services.

Conclusion

India has become self sufficient in the agricultural production especially in the food grains, 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 constraints in agricultural marketing. The paper although highlighted the primary agricultural marketing institutes and organizations providing agricultural assistance in India at large, still much of the agricultural produce is getting spoiled due to inefficient storage facilities, overtime delivery and mismanagement. So much more is needed as; India has huge potential for agricultural production, because it has a wide geographical range. 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.

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