

Agricultural Marketing in India: Problems and Prospects

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Abstract: *In India, the organized 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. 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.*

Keywords: Agriculture Market, Rural Market

Introduction

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 are not to store it.^[1]

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.^[2]

In western countries considerable agricultural marketing support to farmers is often provided. In the USA, for example, the USDA operates the agricultural marketing service. Support to developing countries with agricultural marketing development is carried out by various donor organizations and there is a trend for countries to develop their own agricultural marketing or Agribusiness units, often attached to ministries of agriculture.^[3]

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 money lenders 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.

Agricultural Market Reforms

Be love 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. Provide loans to the farmer at low rate of interest so that they will be freed from the clutches of

local money lenders who squeeze them. It is said that farmer in born in to debt, lives in debt and dies in debt.

It is essential to provide subsidizes power supply and loans to the farmers as the expenses towards power consumption takes considerable amount of investments. Elimination of the existing loopholes in the present legislations is warranted. 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.

Bringing necessary reform coupled with proper price discovery mechanism through regulated market system will help streamline and strengthen agricultural marketing. In order to avoid isolation of small –scale farmers from the benefits of agricultural produce they need to be integrated and informed with the market knowledge like fluctuations, demand and supply concepts which are the core of economy. Marketing of agriculture can be made effective if it is looked from the collective and integrative efforts from various quarters by addressing to farmers, middlemen, researchers and administrators. It is high time we brought out significant strategies in agricultural marketing with innovative and creative approaches to bring fruits of labor to the farmers.^[4]

Agriculture in India has directly or indirectly continued to be the source of livelihood to majority of the population. Indian agriculture has seen a lot of changes in its structure. India, predominantly an agricultural economy, has healthy signs of transformation in agriculture and allied activities. India has seen agriculture as a precious tool of economic development as other sectors of production depend on it. Efficient backward and forward integration with agriculture has led to globally competitive production system in terms of cost and quality. Agricultural marketing can be defined as the commercial function involved in transferring agricultural products consisting of farm, horticultural and other allied products from producer to consumer. Agricultural marketing includes all activities involved in moving agricultural produce from producer to consumers through time (storage), space (transport), form (processing) and transferring ownership at various levels of marketing channels. Agriculture is the backbone of India economy. Out of 320 million workforces, 170 million are employed in agricultural.

Agricultural marketing should be planned and well prepared. In developing countries like India, agricultural markets comprise of poor infrastructure,

poor transport and communication, limited rule of law, limited access to finance etc. This result leads to market failure. The agricultural sector should now attempt to achieve greater market orientation nationally as well as internationally compared to its current focus on production orientation.

Problems and Challenges

There are several problems and challenges involved in marketing of agricultural produce. Limited access to the market information, low level of literacy among the farmers. There are also many imperfections in the marketing system of agricultural commodities in India. So much has been done to improve the agriculture sector of India, but still it is facing a lot of problems. Some of these can be listed as below.

- Rising domestic demand for food due to rise in population, restricting our exports.
- Private intermediation.
- Multi languages and dialects.
- Subsistence farming to commercial farming.
- Infrastructural weakness.
- Lack of agricultural education.
- Multiplicity of market changes and malpractices.

Opportunities

India is the third largest producer of fruits [27.83 MT] and 2nd largest of vegetables [54MT]. At is 0.31%, it can be improved by greenhouse technology, timely transportation, storage facilities and good marketing policies. Indians existing facilities post-harvest processing capacity can handle only 0.5% of total annual production. But it can be increased by providing industry processing centers with infrastructural establishments. Every year the loss of fruits and vegetables due to lack of post-harvest processing is worth Rs 300 crores. The country must not therefore fitter away the opportunity to diversify and commercialize agriculture, add value to produce, generate employment and income, and export processed food. There is also much scope to promote agriculture through information and communication technology.^[5]

In a dynamic and growing economy, the agricultural marketing system provides important linkages between the farm production sector and the non-farm sector (Acharya, 1997c).

The issues in agricultural marketing relate mainly to the performance of the marketing system, which depends on the structure and conduct of the market.

The performance of the marketing system has remained under continuous scrutiny and government took several initiatives to influence the structure and conduct of agricultural produce markets.^[6]

Agriculture is the lifeblood of the rural economy and hence the agricultural development will positively foster rural development. Agricultural of marketing is nothing but commercialization of agricultural produce. In the context of agricultural development, the warehousing development cannot be sidelined. In this regard let us bring out the relationship between development of warehousing agriculture which includes rural development too.

Development in agriculture could be brought about by commercialization of agriculture. Agriculture of marketing is nothing but commercialization of produce. Better agricultural marketing facilities enable the farmers to think beyond subsistence, expand production, enhance productivity and thus bring in more revenue. Good agricultural marketing is therefore a vital component of agricultural development in general and rural development in particular. Warehousing is one of the most significant aspects of agricultural marketing.

Agriculture is the largest sector of economic activity in India. Agriculture provides not only food and raw materials but also employment to very large section of population. As a result, the increase in the national output depends on the output in agriculture to a large extent. For the same reason, it has to provide the capital required for its own development and make available surplus for national economic development. Further, the exports of primary goods enable to earn valuable foreign exchange which can be used to import capital goods for the development of industry and infrastructure. Because of all these reasons, an improved and efficient agriculture is a dire necessity in our economy.^[7]

Rural Market in India

Since the 1980's the mass rural market was used to attract the marketers in India consumer market. The fact that 70% of country's population was unaddressed, which was the major attraction for marketers. In recent time this attraction has increased with the additional money that come into hands of rural consumers due to green revolution, rise in Agri-produce prices and MNREGA spending.

Rural market constitute an important segment of overall economy, for example in USA, 55 million people reside in rural areas (kotni, 2012). Government agencies like IRDA (Insurance Regulatory and

development Authority) and NCAER (National Council for Applied Economics Research) define rural as a village with a population less than 5000 with 75% male population engaged in agriculture, while Hindustan level, ITC and most FMCG companies define rural as any place with a population below 20,000.

Rural marketing is promotion of company's product in the rural marketing by using strategies with differ from the urban market. The rural market is more prices sensitive but it has preference to quality. Rural marketing is confused with agriculture marketing. The later denotes marketing of produce of rural areas to the urban consumers or industrial consumers while rural marketing involves delivering manufactured or processed input or services to rural consumers.

Importance of Rural Marketing

Rural market is getting importance because of the saturation of urban market. So the marketers are looking for extending their product categories to an unexplored market i. e. the rural market.

Rural market is mystery for the companies. Due to lack of dipper insight into the psyche of the rural consumers, companies are hesitant to explore this territory.

Opportunities

The rural market has been growing gradually over the past few years and is now even bigger than the urban market. The saving to income percentage in rural area is 30% higher than urban area. At present 53% of all FMCGs and 59% of consumers durables are being sold in rural area.

Challenges

The peculiarities of rural markets and rural consumers pose challenges to marketers in reaching them effectively. There are a large number of small villages which are not easily accessible because of all weather roads.^[8]

Conclusion

A major portion of this investment is expected from the private sector, for which an appropriate regulatory and policy environment is necessary. Also enabling policies need to be put in place to encourage the procurement of agricultural commodities directly from farmers' fields and to establish effective linkage

between the farm production and the retail chain and food processing industries.

The department of agriculture and Cooperation also formulated a model law on agricultural marketing for guidance and adoption by the state governments. The model legislation provides for the establishment of private markets/yards, direct purchase centers, consumer/farmers' markets for direct sale and promotion of public-private partnership (PPP) in the management and development of agricultural markets in India. Provision has also been made in the Act for constitution of state agricultural produce marketing Standards Bureau for the promotion of grading, standardization and quality certification of agricultural produce.

The department has recently taken the initiative to promote modern terminal markets for fruits, vegetables and other perishables in important urban centers in India. These markets would provide state-of-the-art infrastructure facilities for electronic auction, cold chain and logistics and operate through primary collection centers conveniently located in producing areas to allow easy access to farmers.

The terminal markets would be built, owned and operated by a corporate/private/co-operative entity, either by itself, or through the adoption of an outsourcing model.

The department of agriculture and Cooperation has three organization dealing with marketing under its administrative control, namely, the Directorate of marketing and Inspection (DMI), Faridabad; the Ch. Charan Singh National Institute of agricultural marketing (NIAM), Jaipur; and the small farmers agri-Business Consortium (SFAC), New Delhi.

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