

Problems of Agriculture Marketing in India

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“Agricultural marketing is witnessing major changes owing to liberalization and globalisation of markets. In this context agriculture has to be market driven, more cost effective, competitive, innovative and responsive to high tech and I.T. applications. Training and extension systems in agricultural marketing will have to sensitise and orient the beneficiaries to respond to these challenges. It is necessary to build capacity of each of the beneficiary group namely, the farmers, market functionaries and other officials involved in the agricultural marketing activities. Knowledge has to be imparted at the grassroots level in areas such as market driven production program, post harvest management of agricultural and horticultural crops, availability of marketing finance, information on facilities for quality assurance and standards, grading, packaging, storage, transportation, contract farming, direct marketing, alternative markets including Forward and Futures markets, commodity exchanges, online market information system etc. Training and education modules will have to be prepared in these areas for reaching the region specific farmers in vernacular languages. The objective of imparting training to marketing functionaries and stake holders should be to create an ambiance of Good Marketing Practices in the country to promote the interests of farmers as well as consumers.”

Report of Inter-Ministerial Task Force on Agricultural Marketing Reforms (2002)

Knowledge regarding agricultural marketing is crucial to enable farmers to make informed decisions about what to grow, when to harvest, to which markets produce should be sent, and whether to store it or not. Farmers get benefit from contract farming, direct marketing, group marketing, commodity futures markets, electronic spot markets, only to the extent they organize in marketing groups, self-help groups, cooperatives or companies and learn skills suited to the new marketing environment. Understanding quality standards, learning the terms of contract, and choosing and preparing the produce for the market are going to be essential skills for farmers. Farmers required to be exposed to the characteristics and complexities of the marketing system to make it more efficient. The history of agricultural development in India shows that Indian Agriculture was unable to feed the 45 crores of its population during late 1960 necessitating huge imports of food grains. Now in the 21st Century, India is able to feed its population of more than 100 crores, besides, providing raw materials for clothing and industrial purposes after a reasonable amount of export. Thus there is a very huge increase in the production side in many agricultural commodities but there is not more positive reflection of this in the level of living of farmers. The main reason behind this is that we have not given due attention to marketing of agricultural produce raised by farmers. Neither the Governments at Central and State levels, nor the farmers gave due importance to agricultural marketing. As on date, Indian farmers are well versed with production technologies but they are not so in marketing. In a country like India with 70 percent of its population living in about 6.25 lakhs villages and depending on agriculture as their main occupation, accurate and timely market intelligence about the market prices of the agricultural commodities is of extreme significance.

Review of Literature

Kumar (2012) has revealed from his study that Efficient marketing plays a significant role in economic development, while unawareness is the major symptom of inefficient market. In this paper we analysis the regional inequality, imbalance and determinants of awareness about agriculture marketing in farmers with the help of appropriate statistical tool and techniques. The study indicates that there is a large inequality has exists in different states of India. Only three states i.e., Haryana, Punjab and Kerala are the high aware states while awareness is poor in NES's. Further, both (farmers' literacy and farmer's organizations) are positively associated to the farmer's awareness about agriculture marketing. So, the govt. of India should boost the literacy rate of farmers and also create farmers organization to enhance the farmers awareness in India.

Nirmal (2014) in his book he has given detailed information about agricultural marketing in India. He discussed about the major problems involved in the practices of agricultural policies and strategies. Along with this, the role of government for agricultural development is also provided.

Rajendran & karthikesan (2014) in their study found that 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.

Objectives of the Study

The present study is undertaken to study the problems of Agricultural Marketing in India.

Source of Data

Secondary Source of data has been used in the present study. The data has been collected from the various journals, newspapers and publications of agricultural department.

Research Methodology

The current research paper is a conceptual paper which aims at discovering the various problems of agricultural marketing in India.

Discussion

Market information and intelligence are crucial to enable farmers and traders to make informed decisions about what to grow, when to harvest, to which markets produce should be sent, and whether to store it or not. The most important marketing intelligence need of the farmer is price intelligence. Most of the farmers today still lack a good understanding and capacity to use market intelligence in guiding their production and marketing decisions. All the Indian states depend on interstate trade for major agricultural and horticultural commodities. Hence dissemination of market information (demand, production and prices) plays a vital role in the functioning of the whole market, by harmonizing the competitive marketing process. By helping ensure that produce goes to markets where there is a demand for it, it shortens marketing channels and cuts down on transport costs. It helps to ensure that each marketing transaction is a fair one, and that all participants share the risks and benefits.

Recent advances in information technology are making it more feasible to provide farmers with the marketing information they need. However, farmers may not benefit from sophisticated facilities, if the system is poorly managed or not designed for their needs. It is not enough for marketing information to be collected; it must also be disseminated in a form accessible to farmers and adopted to their needs. In India existing agricultural market information services frequently fall short in one or more areas. Though farm related information has been provided by the Radio, TV and Newspapers, there was no mechanism to analyze, interpret and convert this vast volume of information into simple, comprehensible trade intelligence. This calls for a farmer friendly, easily accessible market intelligence system. At present AGMARKNET is the largest network in India to provide real time information by connecting major regulated markets across the country.

Problems of Agricultural Marketing

1. Lack of Storage Facility:

There is no proper storage or warehousing facilities for farmers in the villages where they can store their agriculture produce. Every year 15 to 30 per cent of the agricultural produce are damaged either by rats or rains due to the absence of proper storage facilities. Thus, the farmers are forced to sell their surplus produce just after harvests at a very low and un-remunerative price.

2. Distress Sale:

Most of the Indian farmers are very poor and thus have no capacity to wait for better price of his produce in the absence of proper credit facilities. Farmers often have to go for even distress sale of their output to the village moneylenders-cum-traders at a very poor price.

3. Lack of Transportation:

In the absence of proper road transportation facilities in the rural areas, Indian farmers cannot reach nearby mandis to sell their produce at a fair price. Thus, they prefer to sell their produce at the village markets itself.

4. Unfavourable Mandis:

The condition of the mandis are also not at all favourable to the farmers. In the mandis, the farmers have to wait for disposing their produce for which there is no storage facilities. Thus, the farmers will have to take help of the middleman or dalal who take away a major share of the profit, and finalizes the deal either in his favour or in favour of arhatiya or wholesalers. A study made by D.S. Sidhu revealed that the share of middlemen in case of rice was 31 per cent, in case of vegetable was 29.5 per cent and in case of fruits was 46.5 per cent.

5. Intermediaries:

A large number of intermediaries exist between the cultivator and the consumer. All these middlemen and dalals claim a good amount of margin and thus reduce the returns of the cultivators.

6. Unregulated Market's:

There are huge number of unregulated markets which adopt various malpractices. Prevalence of false weights and measures and lack of grading and standardization of products in village markets in India are always going against the interest of ignorant, small and poor farmers.

7. Lack of Market Intelligence:

There is absence of market intelligence or information system in India. Indian farmers are not aware of the ruling prices of their produce prevailing in big markets. Thus, they have to accept any un-remunerative price for their produce as offered by traders or middlemen.

8. Lack of Organisation:

There is lack of collective organisation on the part of Indian farmers. A very small amount of marketable surplus is being brought to the markets by a huge number of small farmers leading to a high transportation cost. Accordingly, the Royal Commission on Agriculture has rightly observed, "So long as the farmer does not learn the system of marketing himself or in cooperation with others, he can never bargain better with the buyers of his produce who are very shrewd and well informed."

9. Lack of Grading:

Indian farmers do not give importance to grading of their produce. They hesitate to separate the qualitatively good crops from bad crops. Therefore, they fail to fetch a good price of their quality product.

10. Lack of Institutional Finance:

In the absence of adequate institutional finance, Indian farmers have to come under the clutches of traders and moneylenders for taking loan. After harvest they have to sell their produce to those moneylenders at unfavourable terms.

11. Unfavourable Conditions:

Farmers are marketing their product under advice circumstances. A huge number of small and marginal farmers are forced by the rich farmers, traders and moneylenders to fall into their trap to go for distress sale of their produce by involving them into a vicious circle of indebtedness. All these worsen the income distribution pattern of the village economy of the country.

Market Information vs Market Intelligence

Market Intelligence is a process of giving you insights into what might happen in the near future. This process requires that we go from market data to information and then to market intelligence. Here is a basic example:

- Data - Prices for our products have dropped by 5 percent.
- Information - New offshore facilities have lower labor costs.
- Intelligence - Our key competitor is about to acquire a facility in India that will increase storage facility for future sale in the market that will cater higher profits.

Intelligence differs from information since it requires some form of analysis. The purpose of this analysis is to derive some meaning from the piles of data and information. Market Information and intelligence are crucial to enable farmers and traders to make informed decisions about

- What to grow
- When to harvest
- Where to markets the produce
- Whether to store it or not

Market Intelligence should not simply present the facts, declaring what we found; but instead make a statement with confidence that what is about to happen in near future. Market Intelligence allows us to remain competitive by improving our strategic decisions and this leads to better performance against our competitors. Market Intelligence does not chase down all the facts, but gets enough information to draw a reasonable conclusion for immediate action. The most important marketing intelligence need of the farmer is price intelligence. As farmer become more market oriented, extension workers need to be in a position to advice them not only on how to grow crops but also on how to market them. Knowledge of produce handling, storage and packaging is also essential. Many of the programmes of state and central governments do not have a component of Market Intelligence which finally leads to realization of lower net prices by farmers

Regulatory Reforms undertaken Since 2003,

Govt. of India has initiated a number of reforms in Agricultural Marketing, while some others are in the pipeline. As a major initiative, the Govt. prepared a Model Act called Agricultural Produce Marketing (Regulation & Development) Act, 2003. All the States/UTs have agreed to amend their respective State APMR Acts in the line of the Model Act to bring about requisite reforms in the sector. The Salient features of the Model Act are setting up markets in the private/co-op sector, rationalization of market fees, promotion of contract farming, direct marketing and grading and standardization, including setting up of a Grading and Standardization Bureau in each State/U.T. The states have amended their Acts in respect of three aspects, i.e. contract farming, direct marketing, setting up of private markets only. Agriculture being a State subject, the States have got to play a proactive role to adopt the desired reforms and push the frontiers of the agricultural marketing system of the country to the next level of excellence. It is time the States should go beyond the three areas of reforms and should adopt other areas of reforms such as setting up of Bureau of Standards and Grading at State level, promotion of marketing extension and setting up of responsive market information system etc. These reforms would go a long way towards attracting private investment to the sector, putting in place an integrated supply chain management system and promoting processing. As regards other reforms, the Government of India has taken up the following measures: A warehouse Development and Regulation Authority has been set up. This is entrusted with the task of negotiable warehouse receipt in the agriculture sector. This will go a long way towards saving the farmers from distress sale of their produce. A Food Safety Regulatory Authority has been set up to look after the food safety and quality issues. Strengthening of the Forward Markets Commission through amendment of the FCR Act is in the pipeline. 14 | Page Launching of the infrastructure scheme (AIGS Scheme) and the Rural Godown Scheme has gone a long way towards attracting private investment to agricultural marketing sector. Market Research Information Scheme of Government of India has been successful in disseminating price and arrival related information from almost all the wholesale markets of the country. The terminal market scheme of the government has the potential to promote setting up of a chain of Hub and Spoke model of markets through the country in PPP mode.

Conclusion

From the above discussion it is clear that agriculture sector is facing various difficulties in marketing of its production yet information technology can play a vital role in agriculture marketing and role of Government of India is going into right directions.

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