



## AGRICULTURE MARKETING IN INDIA

## Commerce

**Mani Kumar Jha** M.Com, Ph.D., University Dept. of Commerce & Business Administration, L. N. Mithila University, Darbhanga

**Ashish Kumar Jha\*** , MBA, MLIS, Ph.D., Library – in – charge, University Dept. of Commerce & Business Administration, L. N. Mithila University, Darbhanga \*Corresponding Author

## ABSTRACT

Marketing of agriculture produce has become important with increased communalization of agriculture and newer technologies and system, like spot exchanges are helping the farmer getting better deal for their produce. The present paper attempts to present an overview of agriculture marketing in India.

## KEYWORDS

Agricultural Marketing, Credit to Farmers, Regulated Market, Rural Godowns, Uniform Standard of Weights.

## INTRODUCTION

Three of India's many current problems are rooted in its agricultural and allied sectors. These are deceleration growth in real agricultural Gross Domestic Product (GDP) and land productivity, increasing food insecurity among the poor and an increased level and persistence of food inflation. They have an adverse impact on the growth of the economy and employment and offset efforts to reduce poverty.

Agriculture is the basic industry of India. Agriculture consists of farming and allied activities of agriculture viz. horticulture, floriculture, sericulture, pisciculture, dairy farming, poultry farming, piggeries and the like. Even in globalized India, majority of the population depends on agriculture.

Though share of agriculture to overall GDP in India has come down to 14 percent, still 66.2 percent of rural males and 81.6 percent of rural females are engaged in agriculture as cultivators or labourers.

**Agricultural Marketing : An Integral Part of Agriculture**

In India, agriculture was practiced initially on subsistence basis, but with the development of means of transport and the storage facilities agriculture was followed not only for self consumption but also on commercial line. The farmers started growing those crops that fetch them a better price. Now a days, marketing of agriculture produce is considered as an integral part of agriculture, since an agriculturist is encouraged to make more investments and to increase produce. Thus, there is an increasing awareness that it is not enough to produce a crop or animal product, it must be marketed as well.

Agricultural marketing has been defined by National Commission on Agriculture as a process which starts with the decision to produce a saleable farm commodity and it involves all aspects of market structure of system, both functional and economics considerations and includes pre and post harvest operations, assembling, grading, storage, transportation and distribution.

The Indian Council of Agricultural Research defined it as involvement of three important functions namely –

- Assembling (concentration)
- Preparation for consumption (processing), and
- Distribution

**Agricultural Marketing in India : Present Status**

Government of India in the ministry of Agriculture appointed an Expert Committee on 19<sup>th</sup> December, 2000 to review the present system of agricultural marketing in the country and to recommend measures to make the system more efficient and competitive. The Committee in its report dated 29<sup>th</sup> June, 2001 has suggested various legislative reforms as well as the reorientation of the policies and programs for development and strengthening of agricultural marketing in the country.

With a view to examine the findings and recommendations of the Expert Committee and to suggest measures to implement them the

Ministry of Agriculture constituted a Task Force on 4<sup>th</sup> July, 2001 under the Chairmanship of the Additional Secretary in the Department of Agriculture and Cooperation. The Task Force thereupon identified nine priority areas to work out a roadmap for strengthening the agricultural marketing system in the country. The areas identified are :

- I. Legal reforms,
- II. Direct marketing,
- III. Market infrastructure,
- IV. Pledge financing,
- V. Warehousing receipt system,
- VI. Price support policy,
- VII. IT in agricultural marketing,
- VIII. Marketing extension, and
- IX. Training and Research.

Farmers in India normally sell their surplus agricultural produce to the village money – leader – cum – trader, who may buy it either for self consumption or as an agent of a bigger merchant of the neighbouring Mandi towns. According to an estimate, 85 percent of wheat, 75 percent of oil seeds in U.P., 90 percent of Jute in West Bengal and 60 percent of Wheat, 70 percent of oil seeds and 35 percent of cotton in Punjab are sold by the farmers in the villages themselves. Often the money leaders act as a commission agents of the wholesale traders. Sometimes farmers also make use of cooperative marketing societies to dispose of their produce.

**Sontaki (1978)** presents the benefits derived by the agriculturalists through regulated markets in India. He estimates the better prices awarded to the farmer by the regulated markets. He stresses upon the improvement of better services and facilities to the users by the market committee.

**Singh (1981)** in his dissertation, “Regulated Markets in Bihar- An appraisal of their working”, enlightens the agricultural marketing scenario of the country in general and defects associated with agricultural marketing practices in India and Bihar in particular. He critically examines the multi-dimensional aspects of the workings of regulated markets in the state of Bihar. He stressed the need for an effective, purposeful, and result – oriented regulated markets.

**Agarwal (1986)** stresses the immediate need for improvement in their working and the government's desire to uplift the regulated market to be a real dynamic centre for socio-economic transformation of the state agriculture. **Mishra (2003)** opines that a well-regulated market creates in the minds of cultivators a feeling of confidence of receiving a fair play and this is the mood in which he is most ready to accept new ideas and to strive to improve his agricultural production.

**Rao (2009)** observed that what is required is the adoption of a few markets and an all round development of both infrastructure and institutions as a model one, which can exert a profound demonstration effect on the rural community and that can set in motion a revolution of rising expectations among the farmers. Centralization market forces and development of regulated markets need to be the only solution.

This channel is important for contain commodities and that should be strengthened.

### The Challenges

Agricultural marketing needs to come a long way and grow before it can meet the objective. The challenges include :

- There is lack of proper and sufficient storing facilities for the produce. The storage facilities which are available in the villages at present are so bad and unscientific that 10 to 20 percent of the produce is eaten away by rats.
- The average farmer is so poor and indebted that he has no capacity to wait for better prices. He is forced to sell his output to the money-lender or to the trader so as to clear his debts. Such distress sales weaken the already miserable position of the average Indian farmer further.
- Different varieties of agriculture produce are not graded properly. The practice usually prevalent is the one known as dara sales wherein heap of all quantities of produce are sold in one common lot. Thus, the farmer producing better qualities is not assured of a better price. Hence, there is no incentive to use better seeds and produce better varieties.
- Transport facilities are highly inadequate in India. Only a small number of villages are joined by railways and pucca roads to mandies. Produce has to be carried on slow moving transport vehicles like bullock carts. Obviously such means of transport cannot be used to carry produce to far-off places and the farmers has to dump his produce in the nearby markets even if the price obtained in these market are considerably low. This is even truer with the perishable commodities.
- The chain of middlemen in the agriculture marketing is so large that the share of farmers is reduced substantially. For instance, a study of D.D. Sidhan revealed that farmers obtain only about 53% of the price of rice, 31% being the share of middlemen (the remaining 16% being the marketing cost). In case of vegetables and fruits the share was even less, 39% in the former case and 34% in the latter. The share of middlemen in the case of vegetables was 29.5% and in case of fruits was 46.5%. Some of the intermediaries in the agricultural marketing system are – village traders, kutcha arhatiyas, pucca arhatiyas, brokers, wholesalers, retailers, money lenders, etc.
- Even now the number of unregulated markets in the county is substantially large. Arhatiyas and brokers, taking advantage of the ignorance, and illiteracy of the farmers, use of unfair means to cheat them. The farmers are required to pay arhat (pledging charge) to the arhatiyas, "tulaii" (weight charge) for weighing the produce, "palledari" to unload the bullock carts and for doing other miscellaneous types of allied works, "garda" for impurities in the produce, and a number of undefined and unspecified charges. Another malpractice in the mandies relates to use of wrong weights and measures in the regulated markets. Wrong weights continue to be used in some unregulated markets with the object of cheating the farmers.
- Finally, the farmers do not ordinarily get information about the ruling price in the big markets. As a result, the farmers have to accept whatever price is quoted to them and have to believe whatever the trader tell them.

### The Way Ahead

In order to ensure that agricultural marketing reaps the desired results the below mentioned remedial measures are suggested:

- To prevent distress sale by the farmers, particularly the small and marginal farmers, due to prevailing low prices, a good number of rural godowas should be set up.
- It is necessary to make arrangement to supply credit to farmers to tide over the period between production and sale of the produce.
- An essential requirement for improving India's marketing system is the availability for transport which can carry produces to markets at low cost, easily and speedily. For this purpose there should be all weather roads in villages.
- The need for using uniform weights through out the country is obvious. Lack of uniform standard of weights will continue to keep marketing in an unsatisfactory state. Unscrupulous traders alone can benefit from this state of affairs.
- The government should streamline quality control enforcement and inspection as well as improvement in grading of agricultural produces.
- The number of intermediaries should be as small as possible so that the middlemen's profits are reduced. This will increase the returns to the farmers.

### CONCLUSION

Agriculture sector had crossed self-sufficiency level and moved on to export surpluses. An array of produces, such as Sugar, Chillies, Cashew nut, Tea leaf, Coffee, Silk, and Cotton textile, Spices like Cardamom, Cinnamon, Pepper and the recent addition of horticulture produces and Herbs are having better export potential. Our system of marketing needs major technology and capital intervention to modernize and unify the marketing network in different parts of the country. Such interventions will help to rise the income of the farmers reduce the post-harvest losses in the crops and will also help in moderate the price of the different commodities.

### REFERENCES:

1. Desai, Bhubat M et al. (2011), Agricultural Policy Strategy, Instruments and Implementation : A Review and the Road Ahead, Economic and Political weekly, Vol. XXVI, No. 53, December 31, p. 42.
2. Gautam, Harendra Raj (2015), Innovations and New Technologies Needed to Accelerate Agriculture Growth, Kurukshetra, Vol. 63, No. 11, September, p.7
3. Kahlon, A.S. and Tyagi, D. S. (1983), Agricultural Price Policy in India, Allied Publishers, New Delhi.
4. Mishra, P K (2003), Marketing Cooperatives in Agriculture Gearing up for Emerging Challenges, Kurukshetra, Vol. 51, No. 6, April, p.14
5. Raghuvanshi, Reema (2015) Agricultural Marketing, Kurukshetra, Vol. 63, No. 3 January, pp. 9-12.
6. Singh, L P (1981), Regulated Market in Bihar – An Appraisal of Their working, Ph.D. Thesis, L. N. Mithila University, Darbhanga.
7. Sontaki, C. N. (1978), Role of Regulated Market in Agricultural Marketing in India, Indian Journal of Marketing, Vol. VIII, No. 10, June, p. 9