

## AGRICULTURAL MARKETING

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### **Introduction:**

One of the main causes of the poverty of Indian cultivation is defective organization for the marketing of his produce. The cultivator does not get the full value for even the little produce that he is able to rise. This is because of several defects, such as lack of transport and storage facilities, inadequacy of regulated markets, malpractices in the 'mandis', lack of market information, indifferent quality of produce offered for sale, inadequate grading facilities, etc. So long as these defects are not removed, it will not be possible to improve the economic condition of our agricultural masses. Besides, there can be no greater injustice than to deprive the cultivator of the legitimate price of his produce. It is, therefore necessary, to ensure justice and fair play, that proper arrangements are made for marketing.

### ***System of Agricultural Marketing in India:***

***Sales in the Village:*** In India, the proportion of produce sold in the market is very small because a very large proportion of the agricultural output is sold in the village. The farmers, in most cases, sell their output in the village itself because of the expensive and inefficient transport system or because they may have taken loan from the money-lender or trader on the promise of selling output to them at the pre-decided prices. Sometimes output may be too small and thus uneconomical to take it to the distant market. The local money-lender frequently purchases the produce from the cultivators to sell it in a wide market. Sometimes itinerant middlemen, known as banjaras, go from village to village buying and collecting grains for a distant market. The agents of the large exporting firma also go about the villages collecting wheat, cotton or other produce from rural areas. In all cases the cultivator obtains much less favourable terms than he could have obtained, had he carted the produce to the market.

### ***Sales in the Mandi:***

A small proportion of produce, as we have already seen, is taken to the neighboring markets. Such markets may either be organized or unorganized. The unorganized markets, which are in a much large number, are more or less of primitive character. There are no rigid rules of procedure for

sales and settlement of accounts. The cultivator meets with several disabilities. Scales, weights and measures are manipulated against him. Deductions against which he has no means of protest are made in most markets, for religious and charitable purposes and other objects. There are several professional dealers and middlemen like dalal, kachha arhtia and pacca arhtia who profit at the expense of the cultivator. The dalal is more inclined to favour the purchaser than the seller whom he only sees very occasionally. The dalal and the arhtia negotiate the price generally by putting their hands under a piece of cloth and catching one another's fingers. The cultivator or the seller remains in the dark and does not understand how the price is settled.

Organized markets are bigger specialized demand in which in which the wholesale arhtia makes his appearance and facilitates grains transactions. He often supplies capital to the beopari and forms an indispensable link in the chain of middlemen between the cultivator and the shipper-buyer.

#### **Research Methodology:-**

I select descriptive and analytical the research methodology. This study mainly based on secondary data. The required data have been collected from various Reports, journals and books. For this present research paper research have selected descriptive and analytical research mythology.

#### **Objectives of the Study:**

The objective of the study is to highlight the Agricultural Market in India. I express an opinion on the following objective of the research paper.

- To know the contribution of Agricultural market in GDP.
- To know defects in the present system of Agricultural market.
- To know the need of the financial infrastructure.
- To identify the measures to improve Agricultural marketing.

#### ***Defects in the present system:***

It is quite obvious that the present system of agricultural marketing is far from satisfactory. The following are the main defects:

#### ***Inadequate facilities of Transport and Communication:***

The means of transport and communication are inadequately developed and defective. The country is very backward in respect of both roads and railways. Thousands of villages lie at a considerable distance from the main roads. The villages are connected with the mandis by roads, most of which are tracks, become unusable during the rains. The vehicle usually employed for transporting the product is the bullock cart but cart transport proves expensive and becomes impossible in the rainy season. The cultivator, therefore, prefers selling to the village bania.

***Lack of Storage Facilities in the Village:***

The farmer does not possess good storage facilities. The only storage available in the village is earthen vessels or the kaccha rooms of the villagers or underground kaccha pits. The indigenous method of storage expose the produce to white ants, rats, dampness, etc., and results in considerable loss. The cultivator is thus obliged to sell the produce immediately after harvesting. He gets a much lower price on account of selling in a market which is already glutted.

***Absence of warehousing in Towns:***

In most agricultural countries towns are provided with warehouses where farmers deposit their produce and get a receipt. They obtained a loan from the bank against this receipt. They can, therefore, wait for a favourable turn of prices. The mandis in our towns are not provided with such warehouses. The agriculturist is, therefore, in a hurry to sell the produce even at a low price.

***Lack of Rest Houses in Towns:***

Indian mandis have no rest houses where the poor cultivator may rest for a night. He is obliged to dispose of his produce on any terms before the nightfall.

***Multiplicity of Intermediaries:***

There are large number of middlemen between the cultivator and the consumer. Each one of them makes some profit. In the village there is the bania. In the towns there are commission agents, brokers, tolas and others who exploit the illiterate and simple-minded agriculturist.

***Diversity of Weights and Measures:***

In India, a large variety of weights and measures are used. In the same market sometimes two sets of weights are used, one for buying and another for selling. Heavier ones are used when buying and lighter ones while selling. There is also a great diversity of weights and measures.

***Malpractices in the Mandi:***

A number of malpractices prevail in Indian markets. The arhtia and the broker conspire against the cultivator. The system of setting rates is also not free from suspicion and abuse. The bargain is, therefore, generally to the disadvantage of the farmer.

***Excessive Market Charges:***

Market charges are very high. The producer is made to pay for services which he does not receive. Unauthorized charges like Aakat, Dharmao, Ramlila, Goshala, Shagirdi, etc., are charged. The necessitous seller has to submit to all these unauthorized deductions.

***Lack of Market Intelligence:***

The cultivator does not get the necessary information regarding prices in different markets. He has little connection with the outside world and depends mostly on hearsay and reports received

from the local bania. He brings his produce to the market not when the prices are favourable but when he needs money. Moreover, he takes his produce to the nearest mandi because he has no information about the prevalence of higher prices elsewhere.

***Lack of Finance:***

The cultivator is a man of small means. He does not have means to pay land revenue on time, nor can he pay back his old debts unless he sells the produce immediately. He also needs money urgently for further cultivation. Thus he often sells his output even at low prices.

**Measures to Improve Agricultural Marketing:**

It is obvious that an efficient system of agricultural marketing is indispensable to secure rural prosperity and betterment. What is needed, therefore, is that the defects from which agricultural marketing has been suffering should be removed as far as possible. This is sought to be done by promoting organized marketing system for sale of agricultural products through a network of regulated markets to ensure reasonable gains for the farmers as well as the consumers of agricultural products. The idea behind the establishment of organized markets is to create a market environment which is fair to both the sellers (farmers) and the ultimate buyers (consumers) and conducive for free play of market forces of supply and demand.

*The following measures have been taken to remedy the evils obtaining in the marketing of agricultural produce.*

***Establishment of Regulated Markets:***

To remove the disabilities of the farmers in the mandi, it is necessary to have regulated markets all over the country. A regulated market ensures the removal of serious malpractices which obtain in the mandi and contribute a lot in enabling the farmers to get reasonable price for their produce. These markets are generally characterized by a system of competitive buying which is beneficial to the farmer who can sell at the maximum available price. Such market are managed by market committees on which nominees of growers, traders, local bodies and the State Government are represented.

***Grading and Standardization:***

Grading of agricultural produce facilitates its marketing. In order to secure the grading of agricultural products, the Government passed the Agricultural Produce Grading and Marketing Act in 1937. By now grading standards have been laid for over 163 agricultural and allied commodities under this Act. It applies to fruit and fruit products, tobacco, coffee, rice, wheat, atta, gur, oilseeds, vegetable oils, cotton, hides and skin, wool and goat hair, wood, resin, turpentine and several other commodities.

***Standardization of Weights and Measures:***

Standardization of weights and measures is also very essential. State Governments have appointed weight inspectors. They insist on uniformity of weights. Shopkeepers are required to use weights and measures bearing government stamp. The Department of Weights and Measures carries out periodic inspection of the weights and measures carries out periodic inspection of the weights and measures to detect any departure from the given standard. Those using false weights and measures are imposed heavy penalties.

***Market Information:***

An important defect of agricultural marketing is lack of reliable and adequate information about the prices, demand, supply, etc., in various agricultural markets. Market information must therefore be gathered and the farmers must be kept informed about market conditions and market prices. Dissemination of market information in the villages is highly essential. All India Radio and Doordarshan accordingly arrange broadcasts of prices of agricultural goods. This improves market intelligence. Unfortunately, however, the number of receiving sets in the rural areas is not adequate.

***Development of Warehousing Facilities:***

In recent years, there has been a substantial improvement in the warehousing facilities in the country. Presently the warehouses of the Central and the State Governments have a total storage capacity of around 35 million tons of agricultural goods. Along with the institutional warehousing, progress has been made in the field of storage practices by the farmers also. They have been trained in the new and more effective devices of storage, especially of food grains. To prevent distress sale by the farmers, particularly the small and the marginal farmers, after harvest at the prevailing low prices, a chain of rural godowns has been set up.

***Co-operative Marketing:***

To eliminate the vicious circle of middlemen, a direct link must be established between agriculturists and consumers. The object can be achieved through the establishment of co-operative basis. This society arranges to sell the product of the members only on a nominal commission. Such a society is of great advantage to the cultivators. It substitutes collective bargaining for individual bargaining and thus assures the cultivators a fair price. It can also build warehouses, advance loans to its members against their crops and arrange efficient and cheap transport. Co-operative marketing societies thus remove many of the defects from which marketing of agricultural produce suffers. They reduce the number of middlemen. They offer expert advice and provide finance to small producers. The consumer is also benefited by these societies.

Co-operative marketing has achieved striking success in some foreign countries like

Denmark, Norway, Canada, and Austria. In India also, cooperative marketing has made appreciable progress in Maharashtra, Gujarat, Uttar Pradesh and Tamil Nadu. Unfortunately, however, the work of co-operative marketing societies is limited in scope and is not commensurate with the needs of marketing in the country.

Organized marketing of agricultural commodities has been promoted through a network of regulated markets. The basic object of regulated or organized marketing is to ensure reasonable prices to both farmers and consumers by creating conducive market environment for fair play of the forces of supply and demand. The number of regulated markets has increased from 286 in 1950 to 7114 in 2014. Besides these regulated markets, there are 22759 rural periodical markets. At the national level, there is National Cooperative Marketing Federation (NAFED). The average area served by a regulated market is 462.08 sq.km, while that served by all types of markets regulated as well as periodical is 114.45 sq.km. The National Commission on Agriculture recommended a norm of one market within a radius of 5 km or an area of 80 sq.km. The committee on Agricultural Reforms recommended a barrier free national market for the benefit of farmers and consumers. The control over agricultural markets by the states must be eased to facilitate private sectors participation and promote private investment in development of agricultural marketing. The committee on Agricultural Reforms noted that, “by and large, Agricultural Produce Marketing Committee have a some sort of Government sponsored monopolies in supply of marketing services, facilities with all drawbacks and inefficiency associated with a monopoly”.

In fact, the success of marketing societies depends on the extent to which they render efficient services to the growers at the minimum cost. This, in turn, depends upon their ability to undertake processing activities, command warehousing accommodation and obtain sufficient financial resources and, above all, honest, capable and efficient management. And this is precisely what most agricultural marketing societies lack in our country.

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