

**Imperative Role of Geo-Economic factors in Developing Efficiency of Agricultural Marketing**

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**ABSTRACT**

Agricultural marketing consists of two words i.e. “agriculture” and “marketing”. The first word agriculture means producing the agro food products with the use of natural factors for the welfare of human. It is fully depending on natural processing. The second word marketing refers to the activities that are done by the business organizations to promote their products and services to their targeted customers. In marketing the targeted customers can be attracted and maintained by creating strong customer values for them in the organization. It is possible through, effective market survey, market trending, better customer service and satisfaction, customer focus and continuous follow up. 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. The term agricultural marketing includes all those activities which are mostly related to the procurement, grading, storing, transporting and selling of the agricultural produce. “Agricultural marketing comprises all operations involved in the movement of farm produce from the producer to the ultimate consumer. Thus, agricultural marketing includes the operations like collecting, grading, processing, preserving, transportation and financing.” India is agriculture base country and play an imperative role in economic development. Therefore, government should speed up the agricultural production. For this Government should adopt marketing of agriculture. The concept agricultural marketing includes so many activities starts from production process till its retailing. These agricultural activities include production planning, cropping and harvesting, warehousing, grading, transportation and final distribution. We will discuss all of these in detail. There are so many varieties of agricultural products which are produced with dual purpose of domestic consumption as well as exporting.

**INTRODUCTION**

In the pre-independence era, farmers were exploited by traders and middlemen, trapping them into selling their produce for low prices than the existing market rates. They were also victims of faulty weighing machines and wrong accounting. Moreover, they did not possess storage facilities making them unable to hold back their produce to sell at a better price in future. Henceforth, they were forced to sell their produce at whatever price which ultimately either led to losses or wastage of produce. Under such conditions, the state had to intervene in the agricultural market system to

improve its efficiency. The agricultural produce that we consume daily reach to us after a long journey down the market system from its origin. The efficiency of this system has a direct impact on our everyday lives. The agricultural market system refers to the system through which agricultural products reach our tables, from their origins spread all over parts of the country. Agricultural marketing is a mechanism through which these goods reach different places depending on marketplaces. Agricultural marketing is a process that involves assembling, storage, processing, transportation, packaging, grading and distribution of different agricultural commodities across the country. In this research paper I focused on various problems of Agriculture in India and how could we boost our economy through Agricultural Marketing.

#### **OBJECTIVES OF THE STUDY: -**

- *To identify the role of Agricultural Marketing in the Indian Economy.*
- How could we improve our Agricultural Marketing?

#### **AGRICULTURAL MARKETING IN INDIA**

At present in our country various systems of agricultural marketing are present. Some of these are as follows: -

##### **(i) Sale in Villages:**

The first method open to the farmers in India is to sell away their surplus produce to the village moneylenders and traders at a very low price, the moneylender and traders may buy independently or work as an agent of a bigger merchant of the nearby mandi. In India more than 50 per cent of the agricultural produce are sold in these village markets in the absence of organized markets.

##### **(ii) Sale in Markets:**

The second method of disposing surplus of the Indian farmers is to sell their produce in the weekly village markets popularly known as 'hat' or in annual fairs.

##### **(iii) Sale in Mandis:**

The third form of agricultural marketing in India is to sell the surplus produce through mandis located in various small and large towns. There are nearly 1700 mandis which are spread all over the country. As these mandis are located in a distant place, thus the farmers will have to carry their produce to the mandi and sell those produce to the wholesalers with the help of brokers or 'dalals'. These wholesalers or Mahajan again sell those farm produce to the mills and factories and to the retailers who in turn sell these goods to the consumers directly in the retail markets.

##### **(iv) Co-Operative Marketing:**

The fourth form of marketing is the co-operative marketing where marketing societies are formed by farmers to sell the output collectively to take the advantage of collective bargaining for obtaining a better price.

##### **(v) Regulated Markets:**

Organized marketing of agricultural commodities has been promoted throughout the country through a network of regulated markets, whose basic objective is to ensure reasonable prices to both farmers and consumers by creating a conducive market environment for fair play of supply and demand.

## **CONDITIONS FOR SATISFACTORY DEVELOPMENT OF AGRICULTURAL MARKETING IN INDIA**

The following are some of the important conditions for the satisfactory development of agricultural marketing in India:

### **(i) Eliminating Middlemen:**

In order to ensure a fair and satisfactory market for agricultural produce, elimination of middlemen is very much required. Such middlemen between the farmers and the ultimate consumers usually disturb the normal functioning of the market.

### **(ii) Freedom from Moneylenders:**

Easy finance facility should be developed so as to set free the farmers from the clutches of moneylenders who often force them to go for distress sale of their output.

### **(iii) Storage Facility:**

Suitable agricultural marketing structure needs an improved and adequate storage capacity in the form of modern warehouses and cold storages. Such facilities can raise the holding capacity of farmers for getting a remunerative price of their product.

### **(iv) Bargaining Capacity:**

The poor bargaining capacity of the farmers arising out of poor holding capacity should be improved for getting price of their produce in the market.

### **(v) Regulated Markets:**

A good number of regulated markets should be set up throughout the country for removing the practice of exploitation of farmers by the middlemen. Weights and measures are also to be modernized.

### **(vi) Adequate Transport Facility:**

For developing satisfactory agricultural marketing cheaper and adequate means of transport must be developed so that farmer can take their produce in urban market or mandis.

### **(vii) Agricultural Marketing Societies:**

Agricultural marketing co-operative societies should be formed throughout the country for developing a better marketing structure.

### **(viii) Market Intelligence:**

Proper arrangement should be made through mass media coverage to pass correct and updated information to the farmers about ruling prices and marketing operations.

## **DEFECTS IN AGRICULTURAL MARKETING IN INDIA**

Following are some of the main defects of the agricultural marketing in India:

### **(i) 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.

### **(ii) 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.

### **(iii) 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.

### **(iv) Unfavourable Mandis:**

The condition of the mandis is 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.

### **(v) 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.

### **(vi) Unregulated Markets:**

There are huge numbers 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.

### **(vii) 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.

**(viii) Lack of Organization:**

There is lack of collective organization 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 co-operation with others, he can never bargain better with the buyers of his produce who are very shrewd and well informed.”

**(ix) 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.

**(x) 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.

**(xi) Unfavourable Conditions:**

Farmers are marketing their product under adverse 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.

**STEPS TAKEN BY THE GOVERNMENT FOR IMPROVEMENT OF  
AGRICULTURAL MARKETING IN INDIA: -**

In the meantime, the Government has taken following important steps for the improvement of agricultural marketing in India:

**(i) Warehouses:**

For constructing the network of warehouses in the town and mandis, the All India Warehousing Corporation has already been set up. In 1988-89, the Central Warehousing Corporation (CMC) owned and managed nearly 465 warehouses with its total storage capacity of 6.4 million tones. Moreover, State Warehousing Corporations (SWCs) also owned and managed about 1300 warehouses. Upto 2018-19 CWC operates 421 Warehouses across the country with a **storage capacity** of 10.10 million tonnes providing warehousing services. Besides, the Co-operative Societies have also been provided with necessary financial and technical help to promote warehousing facilities in the rural areas of the country.

**(ii) Development of Marketing Societies and Regulated Markets:**

Moreover, the Co-operative Credit Societies are also re-vitalized for providing more credit to the farmers. Again about 2633 general purpose primary co-operative marketing and processing societies have also been formed for assuring reasonable prices to the farmers and also to remove

all existing intermediaries from the market. As on March 2009, about 7,139 regulated markets have also been set up to safeguard the interest of farmers. Price of important food grains are also stabilized by the Government as per the recommendations of the Agricultural Costs and Prices. Lastly, the marketing of agricultural produce has also been improved significantly by the Government with the growing involvement of the organizations like Food Corporation of India, Cotton Corporation of India, Jute Corporation of India etc.

**(iii) Infrastructure Facilities:**

The central Government is also providing assistance for the creation of infrastructural facilities in the markets and also for setting up godowns in rural areas. These schemes have been transferred to different States and Union Territories with effect from April 1992. In order to facilitate grading, standards have been laid down for 143 agricultural and allied commodities under the Agricultural Produce (Grading and Marketing) Act, 1937. In order to set up cold storage under co-operative sector, the National Co-operative Development Corporation has advanced a sum of Rs 165 crore for installing 343 cold storages having an installed capacity of 8.479 lakh tones till the end of March, 2018. Moreover, agricultural marketing is also suitably attended by a network of co-operatives at primary level, state level and national level. This network comprises both general marketing societies and commodity marketing societies.

**(iv) NAFED:**

NAFED is a central nodal agency for undertaking price support operations for pulses and oilseeds and market intervention operation for horticultural items like Kinnow/Malta, onion, potato, grapes, black pepper, red chilies etc. During 1994-95 NAFED's turnover was Rs 718.77 crore and the turnover target for 1997-98 is Rs 80,000 crore. During the current year NAFED has achieved an all-time record gross profit of 343 Crore, up by 36% in comparison to last year (252.14 Crore). The gross turnover of the federation has also increased from 3212.68 Crore in FY 2017-2018 to 20138.46 Crore in FY 2018-2019.

**(v) Commodity Boards:**

Moreover, specialized Commodity Boards continue to operate for rubber, coffee, tea, tobacco, spices, coconut, oilseed and vegetable oils, horticulture etc. The National Dairy Development Board is also engaged in the marketing of agricultural commodities. Separate Directorates have been functioning for the development of agro-raw materials like sugarcane, jute, tobacco, oilseeds, rice, millets, cotton, pulses, cashew-nuts, cocoa, areca-nut, spices etc. Moreover, there are various organizations active in the field of agricultural commodity exports such as the State Trading Corporation, the Cashew-nuts Export Promotion Council, the Shellac Export Promotion Council and the Agricultural and Processed Food Development Authority, which also accomplish the task of promoting/boosting agriculture exports. The role of Co-operatives in the marketing of agricultural produce has also been expanding progressively.

**(vi) Standardization and Grading:**

Finally, promotion of standardization and grading of agricultural products is the main function under institutionalized agricultural marketing. In order to improve the marketability of products within and outside the country, an effective quality control mechanism is essential. Accordingly, the Agricultural Produce (Grading and Marking) Act, 1937 was the first legislation enacted by the Central Government to formulate standards and carry out grading and marking of agricultural and allied commodities.

The articles included in the schedule are fruits and vegetables, dairy and poultry products, food grains and allied products, pulses, oilseeds, oils mid cakes, essential oils, fibers, spices and condiments, forest produce, edible nuts, tobacco, tea, coffee, honey, wheat, Atta, besan, suji and Maida, raw meat etc. The Act also empowers the Central Government to include additional commodities/products in the schedule for enforcement of grade standards and implementing grading and quality control. This kind of grading and quality control will help farmers to fetch a good price for quality products produced by them. So far, Ag-mark standards have been framed and notified in respect of 163 commodities which include food grains, pulses, fruits and vegetables, spices, edible nuts, oilseeds, vegetable oils and fats, fibres, forest products, livestock, dairy and poultry products. At present, 22 Regional Ag-mark Laboratories are operating under the Apex Central Ag-mark Laboratories, Nagpur. These laboratories also provide training to chemists of the laboratories of States and Union Territories.

### **SUGESSTIONS**

For boosting Indian Economy, it is very important in Improvement of the agricultural marketing in India is utmost need of the hour. Following are some sugesstions to be followed for improving the existing system of agricultural marketing in the country:

- (i) Establishment of regulated markets.
- (ii) Establishment of co-operative marketing societies.
- (iii) Extension and construction of additional storage and warehousing facilities for agricultural produce of the farmers.
- (iv) Expansion of market yards and other allied facilities for the new and existing markets.
- (v) Provision be made for extending adequate amount of credit facilities to the farmers.
- (vi) Timely supply of marketing information to the farmers.
- (vii) Improvement and extension of road and transportation facilities for connecting the villages with mandis.
- (viii) Provision for standardization and grading of the produce for ensuring good quality to the consumers and better prices for the farmers.
- (ix) Formulating suitable agricultural price policy by the Government for making a provision for remunerative prices of agricultural produce of the country.

### **CONCLUSIONS: -**

As we know the NAFED plays very important tool of Agricultural Marketing in India. This reflects in the Vision 2024 of NAFED is “To be a Global Cooperative leader with ISO Certification in providing marketing solution for agricultural commodities through efficient market linkage of Farmers, Government and Consumers.” So, we can say that the agricultural marketing plays a vital role in agricultural products distribution to the customers. Like other marketing activities, it also aims in profit making. It also helps the farmers to reach their customers within very short lead time. 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. Our economy is an agricultural based economy so this is very important for us to focus on our strength and minimize our weakness. As we know marketing is the best tool of commerce for promoting our product. In agricultural marketing we could developed a system to boost our products related to agriculture. Our economy will improve when we should take some strong steps e.g. Eliminating Middlemen, Freedom from Money lenders, Storage Facility, Bargaining

Capacity, Regulated Market, Adequate Transport Facility, Agricultural Marketing Societies, Market Intelligence etc. for the farmers. For boosting our economy fast, following obstacles are the ones we have to tackle first:

- Due to lack of knowledge and vigilance, farmers often fall prey to bluffs such as faulty weighing machines and account manipulation.
- Misinformed farmers often fall prey to the selling of produce at rates lower than the prevailing market rates.
- Lack of access to proper and good storage facilities force them to sell produce at whatever rate being asked. Hence, they cannot store the output in order to sell it in future when prices are high. This prevents them from earning good returns.
- Lack of easy formal credit makes farmers knock doors of informal sources which eventually push them into debt traps.

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