



THE SCENARIO OF AGRICULTURAL MARKETING IN INDIA- A REVIEW

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Abstract

In India, agriculture is the major foundation of livelihood to common part of the people of the country in one or other ways. Indian agriculture has many flaws and challenges in the structural setup which are changing rapidly with many advances. The non-agriculture sector of India predominantly depends on agricultural sectors for its development. Effective integration of markets have led to inexpensive manufacturing system in terms of quantity, quality and cost. Agricultural cooperatives area solution to value added processing activities in agriculture and allied activities. Indian agriculture can be improved by efficient and proper management. The present investigation observes the present, past and future situation of Indian agricultural marketing existing in country, for the challenges and its forthcoming recommendations. More over these prospects provided by agricultural marketing should be detailed efficiently by the dealers.

Key words: Agricultural marketing, Marketing cooperatives, Contract farming, Commercialization, Foreign direct investment

Introduction

Agricultural Marketing is referred to the services provided to move the products from agricultural farms to the ultimate consumers. Various interrelated activities are intricated in same such as planning, packing, transport, storage, processing, distribution, advertisement and sale. Efforts to develop agricultural marketing in developing country like India can be concentrated by infrastructure development, market information, training of farmers and traders, post-harvest technologies and effective policy environment (Abbott, 1986).

Agriculture being the backbone of India almost providing employment to 170 million people in India. India is the major producer of fruits, vegetables, spices, fibrous crops, staples, oilseeds, wheat and rice (FAOSTAT, 2015). In spite of India being a major producer of all the eatables, its population growth is faster as compared to its food growth (Sengupta and Somini, 2008). India can overcome with this problem if the food spoilage can be reduced by improvement in infrastructure and increase in farm productivity which are achieved by the various developed countries (Anonymous, 2009). India has passable technology, but the implementation of the same on ground

level majorly due to lack of awareness by farmers. Thus the agricultural marketing must be planned and prepared well in time. In developing country such as Indian agricultural markets cover of poor infrastructure, transport and communication, limited rule of law and limited access to finance (Abbott, 1986). This results to market failure. The importance of market failure give a way to market oriented liberalization to get “prices and institutes right” due to which there is development of state market boards and marketing chains varying through the various cooperatives. All producers must be having access to competitive market price, which is possible when competitive marketing system is strengthened.

During the time the efficiency and transparency regarding price accruing and functions of institutes working in field of Agricultural marketing should be maximize. The transition of agriculture towards commercialization may slow down due to agricultural policies framework, extent of the market imperfections, standards of living etc. (Shakeel, 2012). India’s agriculture decisions should be oriented towards demand of agricultural product by consumers. Thus this sector should attempt to attain superior market orientation to its current focus on production orientation. Thus this paper reviews

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the various aspects of Agricultural Marketing *i.e.* past, present and future scenario of Agricultural Marketing, their challenges and future recommendation to strengthen the system.

Traditional Methods of sale

India having a long custom of occasional markets, the vast majority of these are held in country zones. Rural Primary Markets (RPM) incorporate basically occasional markets like Haats, Shandies, Mandis, Paintns and Fairs, which are assessed between 22,000-46,000 in the nation, generally for little and minimal ranchers for promoting their homestead create and buying inputs too. Agrarian deliver is sold in these business sectors by the accompanying strategies. Hatha framework won in India before years and even now rehearsed in the vast majority of the rural delivering conditions of the country, where costs of the creation are settled by the purchaser and the commission operator of the vendor. Codes are utilized to settle the cost of the delivery.

Private consultations are the buyers who are coming to the sprees belonging to commission agent at the time of convenience to them and after the scrutinizing of the products, the price is being offered. In case of the villages, the private discussions will take place between consumer and supplier till now. Under references on the product, the commission agent will takes the product to the buyer's shop, where the price is being offered by the consumers. Thus the product is being sold to the highest bidder.

In spite of the prevailing of regulated marketing in India, this system of agricultural marketing changes from place to place and the change is also seen within a region. The dominant systems are-village sale, mandis sale, weekly markets sale, sales of the agricultural produce through the help of co-operatives and sales to government for buffer stock. Following sales methods are used for selling of agricultural products.

(i) Under Cover of a Cloth (Hatha System): This system constitute of the determination of price by the buyer/commission agent by twisting their hands covered by the piece of cloth. The main drawback of this system is that it provides the chances of cheating by the sellers or buyers, thus the method was demolished by government.

(ii) Private Negotiations: The private negotiation between buyers and sellers are fixed in unregulated markets. Due to which the producers and farmer are cheated, thus exploiting the farmers in mercy of traders.

(iii) Quotations on Samples Taken by Commission Agents: The product sample is being taken

to the shop of buyers, where the bid is being taken. The buyer whose bid id highest, will be the person to whom the product will be sold.

(iv) Dara Sale Method: This method deals with mixing up of all the lots and selling the product as one lot. The quality control is not possible due to the mixing of all the lots.

(v) Moghum Sale Method:

In this method, the mutual understanding between buyers and sellers is necessary, because the price paid to the seller is that prevalent in the market on that specific day or at the rate at which other producers belong to the village sold the produce. But in practice the buyer pays less than the prevailing market rate due to one reason or another.

(vi) Closed Tender System: This system is similar to an auction method, but the rates of the products are not disclosed but are invited in the form of the closed tender and the product is being sold to the highest bidder. This method is also not used now due to adoption of regulated markets.

(vii) Open Auction Method: The best method used for selling and buying of agricultural marketing as the buyers gather at the seller shop, examines the lot and put his bid loudly. The highest bidder receives the produce.

Cooperative movement in India

Cooperation means existing, thinking and at work together to achieve a mutual goal through cooperative principles (*i.e.* Open membership, Democratic Control, Equitable distribution of surplus, Limited interest and capital, Cash Trading, Political and regional neutrality and Cooperative Education). The cooperative movement was born out of adversity which has been different at different places. The development of the cooperative movement in the country can be generally observed under two phases *i.e.* Pre Independent period and Post Independent period.

In India, main emphasis for cooperation was to provide the better prices to the farmers. The National Agricultural Cooperative Marketing federation of India was setup in India during 1958 to promote the same for the benefits of the stakeholders through its branches and marketing network. The middlemen were eliminated so that the producer's share in consumer price can be increased.

The ongoing initiatives of cooperation have resulted in three areas majorly commodity, supply chain and promotions of mechanisms. The Amul Cooperatives is one such model having success in dairy industry (Anonymous, 2015). Similarly the chicory contract

farming which [1956] is also the fruitful story in contract farming. Kerala Horticulture Development Program [KHDP] which helped many vegetables and fruit farmers through the SHG's. The Small Farmers Agriculture Consortium [SFAC] operational between 1994-95 was declared under Public Private Partnership venture society by RBI. It provided two way linkage to the farmers for their benefits socially and economically. Khadi Gramodyog Board of MP and Hindustan Unilever entered to PPP under Vindhya Valley brand which will be marketed by Hindustan Unilever. Warna Bazaar, was a milk cooperative society which opened in Kolhapur district during 1978. Its concept was one shop under one roof to purchase all the agricultural produce and other Fast Moving Consumer Goods [FMCG's].

Since 1980 the Marketing Boards have declined in number, which deliver definite market for the growers, thus engrossing all the market surplus and maintain storing facilities. But due to the inefficiency of Marketing boards they are sluggish in price discovery. The approval of NABARD in 1981 made it the apex body looking for credit requirement of agriculture. Government of India with State Government are working to make amendments to improve the working of Agriculture Produce Marketing Act [APMA]. NGO's such as Bhartiya Agro Industries Foundation [BAIF], Professional Association for Development Action [PRADHAN] and Action for Food Production [AFPRO] have also been in development of the agriculture since 1960's. Indian agriculture is based on supply driven market and its focus in 21st century is to generate new probabilities for producers, consumers and processors. The ideal condition should be India moving towards demand driven system from the side of supply driven production system which can be done by linking the production system to consumers, producers and processors to attain market orientation. It has been detected that enhanced information flow on market price along with easy market access can bring in much anticipated market orientation of the product system.

Government Policy Support:

(1) Agricultural Price policy and MSP: MSP came into existence with the motive of ensure remunerative pieces to the farmers since 1965. The implementation of MSP is done by Commission for Agricultural cost and prices (CACP).

(2) Agriculture Marketing Support:

(i) National Institute of Agricultural marketing (NIAM)-It was setup in August 1988, offering the training, research, education and consultancy in Agricultural Marketing.

(ii) Agriculture Products Storage Structures- The GOI initiated the Rural Govt. Scheme to fulfil the need of storage structures. The main aim of this scheme was the scientific storage facilities at rural level of the country by encouraging PPP to invest.

(iii) Agricultural Market Advisory service- This service was initiated to provide the enhancement of capabilities to the rural people to adopt the activities which effect the marketing drastically.

(iv) Grading and Standardizing Agricultural as well as allied produce- Certification of agricultural produce is beneficial to the producers, processors and consumers. This quality assurance of the products depends upon the intrinsic quality of the product.

(v) Marketing Training- The major problem in marketing is the proper transportation facilities, pre and post-harvest losses which requires new knowledge, skills and techniques for obtaining information for the successful marketing.

Globalisation

The drastic changes in India came with the globalization across all sectors with more impact on farmers. This globalization brought several challenges as well as threats such as uncertainty, turbulence, competitiveness etc. to one side convincing them to adapt the variations arising out of agricultural technologies.

Agricultural market Reforms

To ensure the just and fair price to the farmers convinced measures can be taken to bring the improvements in Indian agricultural marketing which are listed below:

1. Providing loans to the farmers to the lowest interest so that the farmers can be freed from money lenders. The power supply and loans given to farmers should be at subsidized rate because these take considerable amount of investments.
2. The new distribution network should be tapped to connect the farmers directly or indirectly to the customers to receive maximum returns. At present the marketing channel consists of middlemen, who consumes the major portion of profits which should be received by farmers.
3. Removing of existing loopholes in present situations of Indian agricultural marketing.
4. The severe action should be taken against the black marketing and marketers who buy the producer from the producers at very cheap price and sell the produce at higher price.
5. The village outlets should be opened in villages in

cooperation with the farmers, who can sell their produce directly to the buyers. The intervention of government is compulsory to bring the positive result in favour of farmers.

6. The legislation of agricultural marketing is outdated and should be in tune of changing trends and technological inventions

The retail mutiny has led to some changes in retail sector of the country where the giant retailers use to buy directly from the dealers and sell it directly to the customers. Thus consumers pay less for the same products. The Government Distribution System network of around 350000 fair price shops provide the product at reasonable price. These fair price shops are more active in northern part of India. These fair price shops are the need of the present and future India.

Role of farmers in marketing

Straight forward marketing for Indian agriculture produce is the need of the country. The infrastructure should be in such a way where the entire stock should be sold by willing farmers. There should be provision of godowns in villages so that the produce can be stored and sold when the price increases after the harvesting period is over. The brokers play the games during trading which farmers do not know because of improper information of market price. The farmers should be trained in such a way that they cannot be exploited by the traders. There is a vast difference between the marketing strategies in India and abroad need to be minimized. The marketing committees needed to be set up representing growers, merchants, local bodies and traders whose main objective is ensuring proper prices for farmers.

Need for agriculture market information system

Nickels [1978] has identified that information is crucial to increase marketing success. The market information aids in problematic solving and decision making. Thus market information system is the system which tells how to gather, process, store and improve marketing exchange (Amrutha, 2009). Raigar (1988) through his conceptual analysis had a opinion that computer also have an important role in MIS. Rahman (2003), he found that growers received less price in Bangladesh due the lack of market information. Enhancement of Indian agricultural market information services was essential for national market efficiency and to assimilate national agricultural market with regional and international market for sustainable growth of agriculture sector and to guarantee India's long run food security.

Agricultural market information system

Ramamritam *et al.* (2000) found a system which provide pricing information to farmers through Media lab Asia activities at IIT, Mumbai named as Bhav Puchiye, an interface to provide price information. For deep infiltration in rural part of India, the information was made accessible online through tele-centers in villages, Kiresur *et al.* (2001). Metkewar and Acharya, (2001) reported the alternative solution for the problem pertaining to regulated market by the help of arrival prices information systems in Maharastra. Rai *et al.* (2001) explained the necessity to develop Farmer's Agriculture Information System [FAIS], could be operated from any place where the farmers gather such as KVK, SAU's etc. Dhankar (2003) studied that almost all states in India are being provided with market information. Gunatilke (2003) stated that in Sri Lanka non public sector played an important in facilitating and improving the living standards of their farmers by MIS. ITC e-choupal portal which was launched during June 2000 transmits the mandi prices transversely the state, which is fed in daily by each of the mandi commission agents who have joined the ITC system it also offers the prices that ITC hopes to buy at. (www.echoupal.com).

Pattern of awareness and sources of market information

The attentiveness was found to be generally very deprived for farmers due to less accessibility of MIS. In case of AV aids radio followed by TV is used by small farmers where as mobile is being used by medium and large farmers as compared to traders, who with all modern gadgets can access to MIS easily. The post harvesting, grading, packing etc were know by few as compared to traders. The literacy is also less among farmers as compared to brokers. The benefits of regulated and orderly market are used well by traders as compared to the framers due to lack of information. The source of market information in case of villages was their friends, neighbours and relatives that's why the formal agencies like RSK's, SHG's, Co-operative societies and Gram Panchayats at village level; and market intelligence cell and regulated markets at market level did not form the major sources of market information to the farmers. Hence extension activities should be more efficient in creating awareness among farmers not only for production technologies but also considering the post harvest technologies by the help of KVK's SAU's etc.

Pattern of dissemination of market information

The mode of dissemination are still traditional ways such as notice boards, announcements etc. the related

interpretations were observed by Dhankar (2003) and Ramamritam *et al.* (2000). The price information is sent to newspaper, AIR, TV, District Information Office and District Statistical Officer on regular basis whereas, the yearly reports are being distributed to the Zilla Panchayat, Agricultural Research Stations, Deputy Commissioner and the State Marketing Board. The market is disseminated only on price arrivals but no other related information such as area of crops, production of various crops and prices of other regulated and unregulated markets etc was not disseminated. Same comments were made by Subrahmanyam and Mruthyunjaya (1978) and Anonymous (2004).

Foreign direct investment (FDI) in agricultural retail marketing

From last two decades there is a huge and significant rise in FDI from throughout the world with favourable significances on employment, substructure and business. Indian economy with growing national market has developed the retail sector with more potentially as associated to other developing countries. In 1990s retail sector developed a lot when Pantallon, Spencer, Shoppers Stop came in retail market. With the inaugural up of foreign direct investment in single brand retail and cash-and-carry formats Indian retail market gets new momentum. (Roy, 2012).

In agriculture FDI has been allowable in Horticulture, Seeds development. Fishries, Mushrooms cultivation, Tea plantation etc with an objective to promote improved technologies. FDI was not allowed in agriculture although having enormous growth considering the limits of the present setup concerning infrastructure (Roy, 2012).

Conclusion

No doubt that Indian marketing, on one hand the motive is profit maximization and on second hand the same has to be grounded on certain principles such as offering of fair prices to the growers. Bringing important and critical reforms in Indian Agricultural Marketing by price discovery mechanism will help in strengthening agricultural marketing. Small scale farmers are mostly exploited and isolated from the benefit of agricultural product, the farmers should be assimilated with market information and knowledge like demand, supply etc. Marketing of agricultural produce can be effective if there is a collective effort from producers, middlemen, researchers and administrators. It is high time we should bring out substantial strategies in agricultural marketing with advanced and imaginative approaches to bring fruits of labor to the farmers.

Competing interests

The authors have declared that no competing interest exists. This manuscript is neither published nor submitted for publication in some other journal or book.

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