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## Agricultural Marketing System In India

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### **Abstract:**

*Agriculture is different from industry and plays a significant role in the economic development of a nation. India prosperity depends upon the agricultural prosperity. There are many kinds of agricultural products produced in India and the marketing of all these farm products generally tends to be a complex process. Agricultural marketing involves many operations and processes through which the food and raw materials move from the cultivated farm to the final consumers. Agriculture provides goods for consumption and exports and manufacturing sectors. The suitable marketing system should be designed so as to give proper reward or return to the efforts of the tiller of the soil. Market information is a means of increasing the efficiency of marketing system and promoting improved price formation. It is crucial to the farmers to make informed decisions about what to grow, when to harvest, to which market produce should be sent and whether or not to store it. Awareness of farmers on different components of market information and its utility was very poor (11 to 37 %) as compared to that of traders (75%). Out of the expectations of farmers on grades, quality, prices in potential markets, price projections; only real time arrivals and prices were documented and disseminated with traditional approach. Hence there is a need to create awareness among the farmers through the agricultural extension agencies like the State Department of Agriculture, Krishi Vigyan Kendras so that the marketing information on agriculture commodities are incorporated in the extension services along with production aspects to the farmers.*

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### **Introduction:**

Agricultural marketing covers the services involved in moving an agricultural product from the farm to the consumer. Numerous interconnected activities are involved in doing this, such as planning production, growing and harvesting, grading, packing, transport, storage, agro-and food processing, distribution advertising and sale. Some definitions would even include “the acts of buying supplies, renting equipment, (and) paying labor”, arguing that marketing is everything a business does. Such activities cannot take place without the exchange of information and are often heavily dependent on the availability of suitable finance (Penn State College of

Agricultural Sciences -Agricultural Marketing, 2012) Marketing systems are dynamic; they are competitive and involve continuous change and improvement. Businesses that have lower costs, are more efficient, and can deliver quality products, are those that prosper. Those that have high costs, fail to adapt to changes in market demand and provide poorer quality is often forced out of business. Marketing has to be customer-oriented and has to provide the farmer, transporter, trader, processor, etc. with a profit. This requires those involved in marketing chains to understand buyer requirements, both in terms of product and business conditions.

In Western countries considerable agricultural marketing support to farmers is often provided. In the USA, for example, the USDA operates the Agricultural Marketing Service. Support to developing countries with agricultural marketing development is carried out by various donor organizations and there is a trend for countries to develop their own Agricultural Marketing or Agribusiness units, often attached to ministries of agriculture. Activities include market information development, marketing extension, training in marketing and infrastructure development. Since the 1990s trends have seen the growing importance of supermarkets and a growing interest in contract farming, both of which impact significantly on the way in which marketing takes place. In India, there are network of cooperatives at the local, regional, state and national levels that assist in agricultural marketing. The commodities that are mostly handled are food grains, jute, cotton, sugar, milk and areca nuts. Currently large enterprises, such as cooperative Indian sugar factories, spinning mills, and solvent-extraction plants mostly handle their own marketing operations independently. Medium- and small-sized enterprises, such as rice mills, oil mills, cotton ginning and pressing units, and jute baling units, mostly are affiliated with cooperative marketing societies. Market information is an important facilitating function in the agriculture marketing system. It facilitates marketing decisions, regulates the competitive market process and simplifies marketing mechanisms.

Market information is a means of increasing the efficiency of marketing system and promoting improved price formation. It is crucial to the farmers to make informed decisions about what to grow, when to harvest, to which market produce should be sent and whether or not to store it. Improved information should enable traders to move produce profitably from a

surplus to a deficit market and to make decisions about the viability of carrying out storage where technically possible (Amrutha, 2009). Agricultural marketing can be defined as the commercial functions involved in transferring agricultural products consisting of farm, horticultural and other allied products from producer to consumer. Agricultural marketing also reflect another dimension from supply of produce from rural to rural and rural to urban and from rural to industrial consumers. In the olden days selling of agricultural produce was easy as it was direct between the producer to the consumer either for money or for barter. In brief, it was selling not marketing. In the modern world it became challenging with the latest technologies and involvement of middlemen, commission agents who keep their margins and move the produce further. As it is well known more the number of mediatory more will be the costs as each transaction incurs expenses and invites profits. Ultimately when it comes to the producer the cost of the produce goes up steep. In the entire process of marketing the producer gets the lowest price and the ultimate consumer pays the highest as the involvement of more middlemen in the entire distribution process.

#### **Objective of Study:**

1. To co-ordinate the functioning of the market committees including programmes undertaken by such market committees for the development of markets and market areas.
2. To undertake state level planning of the development of agricultural produce markets.
3. Applied research is search for new technology within the limits of existing scientific knowledge set by basic research.

4. Adaptive research is use of research in enhancing productivity or solving some problems.

### **Research Methodology:**

This study based on secondary data. The data has been collected from various published sources, books and websites.

### **Agricultural Marketing in India Problems and Prospects:**

There are several challenges involved in marketing of agricultural produce. There is limited access to the market information, literacy level among the farmers is low, multiple channels of distribution that eats away the pockets of both farmers and consumers. The government funding of farmers is still at nascent stage and most of the small farmers still depend on the local moneylenders who are leeches and charge high rate of interest. There are too many vultures that eat away the benefits that the farmers are supposed to get. Although we say that technology have improved but it has not gone to the rural levels as it is confined to urban areas alone. There are several loopholes in the present legislation and there is no organized and regulated marketing system for marketing the agricultural produce. The farmers have to face so many hardships and have to overcome several hurdles to get fair and just price for their sweat.

### **Globalisation:**

The globalization has brought drastic changes in India across all sectors and it is more so on agriculture, farmers and made a deep impact on agricultural marketing. It is basically because of majority of Indians are farmers. It has brought several challenges and threats like uncertainty, turbulence, competitiveness, apart from compelling them to adapt to changes arising out of technologies. If it is the dark cloud there is silver lining like having excellent

export opportunities for our agricultural products to the outside world.

### **Agricultural Market Reforms:**

Below are the certain measures that can be affected to bring out the reforms in agricultural marketing so as to ensure just and fair price for the farming community.

Provide loans to the farmer at low rate of interest so that they will be freed from the clutches of local moneylenders who squeeze them. It is said that farmer in born into debt, lives in debt and dies in debt. Right from the beginning of the life, the poor farmers approach money lenders for investing into cultivation who levies very high rate of interest and who takes away the maximum amount of the share from the produce. In case if the crop fails due to natural calamities then the situation would be worse as the farmer is not in a position to pay his loans. And ultimately he is forced to sell the land at throw away price to the money lender.

### **Pattern of Awareness And Sources Of Market Information:**

The awareness on market information in general was found to be relatively poor in case of farmers as compared to the traders since the accessibility of market information in terms of communication systems is very poor in case of farmers. The status of assets on audio visual and communication systems of farmers clearly indicated that radio followed by television were the only assets owned by small farmers. The advanced communication systems like mobile phones were owned by medium and large farmers.. However, traders with all the modern and advanced communication gadgets were able to source the market information easily and regularly. The awareness on market information pertains to only arrivals and prices in local markets in all the categories of farmers. The other important production and marketing parameters like post harvest handlings,

grading and standardization, etc were not known to the small and medium farmers but a few large farmers were aware of them. However, the traders were better informed on market information including arrivals, prices, quality/ standardization, area, prices in reference markets, imports and exports. The illiteracy of farmers (75%) might have contributed to the poor awareness on market information by farmers as compared to traders, wherein 82 per cent of the traders were with collegiate education. Thus, due to poor awareness on market information by farmers vis-à-vis traders the advantages of regulated and orderly market were not realized by the farmers. Radio and newspapers were the major sources of market information to farmers in general and a few large farmers also sought information from sources like television, magazines and internet at the house hold level. The sources of market information to farmers at village level were found to be friends, neighbors and relatives.

Similarly, commission agents formed major source of market information for all categories of farmers at market level indicating that the farmers did not depend much on the market sources like notice boards and announcements. The lack of awareness on different aspects of marketing of onion including arrivals and prices by farmers might have resulted in distress sale of onion in the market. It is worth noting that majority of the farmers were not aware of market information pertaining to preparation of the produce for the market by cleaning, drying, sorting and packing. Hence, the market extension activities need to be strengthened to create awareness among farmers on post harvest handling of the crop. In the existing agricultural extension education, only production technologies up to harvesting are covered ignoring post harvest management including marketing aspects. Therefore, post harvest and marketing management techniques needs to

be covered in transfer of technology (TOT) programmers of various public and private agricultural related institutions like State Departments of Agriculture, State Agricultural Universities, and KVK's etc. In addition, production and post harvest management techniques may also be disseminated along with the market information using ICT. It is essential to provide subsidized power supply and loans to the farmers as the expenses towards power consumption takes considerable amount of investments.

Generate a new distribution network that connects the farmers directly to the consumers to get maximum returns as the present channel of distribution involves multiple mediatory who take away the major portion of profits which otherwise the farmers is supposed to get. Elimination of the existing loopholes in the present legislations is warranted. There should be stringent action against black marketers and hoarders who buy the stocks from farmers at cheap prices and create artificial demand and then sell the stocks at higher prices. Creating local outlets at each village where the farmers sell their stocks directly to the consumers or the authorized buyers at fixed prices would help to a great extent. Intervention of government in this network is essential to bring the fruits to the farmers. At the village level there should be counseling centers for farmers about the worth of their stocks so that they can get fair price. The existing legislations are outdated and are not in tune with the changing trends and technological inventions and the same need to be updated forthwith. The retail revolution has brought several changes in the retail sector where the retail giants buy in bulk directly from the suppliers and sell to the consumers directly and in this process they pass the benefits to the consumers as well. In the past the consumers were paying more for less as there were many channels of distribution system and now the consumers

pay less for more. The government is already fulfilling the objective of providing reasonable prices for the basic food commodities through Public Distribution System with a network of 350,000 fair-price shops that are monitored by state governments. It is more effective in states like Punjab, Haryana and some parts of Uttar Pradesh. And the same needs to be strengthened across the country. Government should levy single entry tax instead of levying multiple entry taxes either directly or indirectly for the transactions and activities that are involved in agricultural marketing such as transportation, processing, grading etc., as it would benefit both farmers and consumers directly.

#### **Farmers Role In Marketing:**

Direct marketing of the agricultural produce is the need of the hour. Efforts may be made to provide facilities for lifting the entire stock that farmers are willing to sell with incentive price. There should be provision for storing the stocks such as godowns and warehouses. It helps the farmers to hold the stocks till the prices are stabilized. Usually immediately just after the harvest the prices would be low and if the farmers are patient in holding the same for some time it would fetch better prices. The brokers play the games during the trading of the agricultural stocks which the farmers do not know and realize because of improper information about the market prices. The brokers without any investment and with their negotiation skills transfer stocks by buying at low prices and selling at higher prices to the other end. The farmers need to be educated in this regard. There should be all-round rationalization and standardization of the prices through legislative means. Presently there is vast gap between the marketing strategies of agricultural produce in India and abroad and the same needs to be bridge. Remove the various malpractices prevalent in the present system. There is need to set up marketing committees which

has the representation of growers, merchants, local bodies, traders and nominees from the govt. There should be collective and integrative efforts and energies from all quarters for ensuring just and price for farmers.

#### **Need For Agriculture Market Information System:**

Nickels (1978) in his book on the Principles of Marketing has stated that information is one key to increase marketing success for everyone. A market information system is an important tool used by modern management to aid in problem solving and decision making. Market Information System is a process of gathering, processing, storing and using information to make better marketing decisions and to improve marketing exchange (Amrutha, 2009). Subrahmanyam and Mruthyunjaya (1978) based on their study on marketing of fruits and vegetables in Bangalore suggested for proper dissemination of market intelligence and information through all possible means of communication, for improving the marketing efficiency of fruits and vegetables. Raigar (1988) in his conceptual analysis of Management Information System (MIS) and Management Science opined that though computers have of course a role to play in MIS, all computerized systems do not necessarily mean MIS nor does MIS necessarily imply computerized processing of data to create information. Rahman (2003) reported that the growers received low prices in Bangladesh because of lack of market information which resulted in wide inter-market price variation. Improvement of agricultural market information services was necessary for domestic market efficiency and to integrate domestic agricultural market with regional and international market for sustainable development of agriculture sector and to ensure countrys long run food security.



**Conclusion:**

Agriculture is one of the dominant sectors in India. Villagers in India. The agrarian community have has a long history of insulation which was ruptured only to its disadvantage. The dawn of globalization should permit the birth of the Indian village into an integrated world where the Indian farmer will have a fighting chance despite the long standing suppression by the state. He enjoys considerable comparative advantage which can be increased by comprehensive liberalization, introduction of modern technology and management and by concentrating investment and enterprise in areas where India enjoys a natural advantage. Agriculture has been hit had during past world Trade Organization period. The share of agro foods in India's global export has declined during the post WTO period, agricultural subsidies of

developed countries have been rather increased. Therefore it is very difficult for India to face global agricultural competitiveness. In this scenario, the global agricultural trade would likely become oligopolistic. Regular market information is provided to the farmer.

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