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## Major Issues in Agricultural Marketing

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### **Abstract :**

*Indian economy is an agrarian economy as about 60 per cent of Indian population depends upon agriculture and allied industries for the livelihood. Agricultural Marketing covers the activities such as assembling, grading, storage, transportation and distribution which facilitate the smooth flow of agricultural products from farm to the consumer.*

*This paper throws light on major issues in agricultural marketing and suggestions to resolve them. Agricultural marketing faces the major issues namely – Long chain of middlemen, Lack of storage facilities, Lack of standardisation and grading, Lack of organised markets, Inadequate transportation facilities, Absence of institutional financing, Insufficient market information, Lack of marketing skills, Lack of organising power among the farmers, Lack of minimum price fixation system, Low marketable surplus of agricultural goods and Malpractices in the markets.*

*The important suggestions made to resolve these issues are – Development of transportation and communication system, Improved warehousing facilities and cold storage arrangements, Standardisation and grading, Elimination of middlemen, Availability of easy finance at lower rate of interests, Development of co-operative marketing societies and Legislative actions for regulating markets.*

**Key Words:** Warehousing, Standardisation, Transportation, Marketable Surplus, Organised Markets and Marketing Skills

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## **I) Introduction:**

India is agro based country. About 60 per cent Indian population depends upon agriculture and allied industries for livelihood. Indian agriculture depends upon monsoon and it is unpredictable in nature. The concept of agricultural marketing is an important and broader which consists of two important terms – agriculture and marketing. Agriculture refers the activities aimed at production by using natural resources. Marketing means a series of activities carried out for moving the goods from the place of production to the place of consumption. It creates time, place, form and possession utility. In short, agricultural marketing includes all the activities and services like assembling, grading, processing, preserving, transportation and financing that move an agricultural product from the farm to the consumer. Agricultural Marketing faces many issues in India which are discussed in this paper.

## **II) Objectives of the Study:**

- 1) To observe and study the major issues in agricultural marketing.
- 2) To make suitable suggestions to resolve the issues in agricultural marketing.

## **III) Type of Paper and Methodology used:**

This is a purely review paper which is descriptive in nature. This is prepared on the basis of observations and secondary data – reference books and websites.

## **IV) Major Issues in Agricultural Marketing:**

### **1) Long chain of middlemen<sup>2</sup>:**

There is a long chain of middlemen – wholesalers, commission agents, brokers etc. in an agricultural marketing. The farmers have to rely upon the middlemen for the marketing assistance. These middlemen charge the heavy commission for the marketing services rendered by them. They buy the agricultural product from the farmers at very low price and sell to the consumers at higher price. Nearly about 50 to 60 per cent of the total value of the agricultural produce goes to the middlemen and therefore, the farmers get very less amount of their agricultural produce. Agricultural market is fully controlled by the middlemen.

### **2) Lack of storage facilities<sup>2</sup>:**

The farmers in villages lack the proper and scientific storage facilities. The farmers use indigenous methods of storing agricultural produce like bags, earthen vessels or underground ditches. Due to lack of modern and scientific storage facilities, agricultural produce is spoiled due to the dust, vermins, insects, rats, rain, temperature and dampness and therefore, the farmers do not get the right price for their produce.

### **3) Lack of standardisation and grading<sup>4</sup>:**

The Indian farmers prefer to sell their agricultural produce in the local markets. They are not much conscious about the quality of their produce. The agro products are not standardised and graded according to the quality parameters. Most of the farmers do not have the knowledge of standardisation and grading. In local markets at villages' level, the facilities for standardisation and grading are not available. Due to lack of standardisation and grading, the farmers get very less price for their produce.

### **4) Lack of organised markets<sup>3</sup>:**

The Indian farmers are large in number but they are less educated and scattered in a wide area and lack unity and bargaining power among them. They are not properly organised and therefore, they can't fight for their rights in a united form. They sell their produce preferably in local markets in villages. The local markets in villages have remained unorganised. Due to unorganised markets, there are no specific rules, regulations and code of conduct for the concerned. Whatever price they receive, they have to satisfy on the same.

### **5) Inadequate transportation facilities<sup>4</sup>:**

There are inadequate transportation facilities for the agricultural produce. It causes the problem of distribution from the farm to consumer. The financial position of Indian farmers is not that much sound to buy their own delivery vans. Hence, they have to hire services from the transport agencies by paying heavy charges. The roads and tracks which connect the villages and markets are not in good condition and inaccessible during rainy season. No transportation facility is available in each and every part of rural area.

### **6) Absence of institutional financing<sup>4</sup>:**

The sanctioning procedure of loans to the farmers by District Central Cooperative Bank and Credit Societies is lengthy and time consuming. Hence, the farmers borrow the loans from private money lenders (Savakars) at a very high rate of compound interest for their urgent needs and emergencies. The private money lenders give loans to the farmers on the security of land and ornaments. The farmers have to repay the loans with interest for a longer period.

### **7) Insufficient market information<sup>6</sup>:**

The most of the farmers are illiterate and hence, they can't read the newspapers and magazines to collect the latest information about the market. They don't have much access to the internet and broadcasting media for getting latest knowledge about the market as there are connectivity and network issues in rural areas. Lack of market awareness makes them loose

good opportunities and suffers a heavy loss. They have to rely upon the businessmen, middlemen and money lenders for the market information.

**8) Lack of marketing skills<sup>5</sup>:**

Most of the farmers are illiterate who lack the professional approach of marketing. They do farming with the prime motto of their livelihood, not earning profits professionally. Due to lack of education and training, they lack skills of determining price, negotiation, storing, grading and standardisation, packaging, marketing and publicity. In absence of marketing skills among the Indian farmers, they have to depend upon intermediaries for marketing purpose. Therefore, they are exploited by the intermediaries by buying the agro products from farmers at cheaper rates and selling them to the consumers at higher prices.

**9) Absence of minimum guaranteed price fixation system<sup>6</sup>:**

At present, there is no minimum guaranteed price fixation system for the agricultural produce. In absence of which, no control is being exercised on charging price for the consumers and paying the price to the farmers by middlemen.

**10) Low marketable surplus of agricultural goods<sup>2</sup>:**

Basically, Indian farmers prefer subsistence farming rather than commercial farming. After having fulfilled their present food needs, whatever surplus remains that is sold in the market. Farming is done with the prime object of livelihood rather than making profits out of selling the surplus in the market. This type of traditional and narrow mind set of Indian farmers makes them incapable and unprofessional to face the ever growing competition.

**11) Malpractices in the market<sup>1 and 3</sup>:**

The malpractices adopted by many middlemen at the cost of farmers and consumers in the market include defective weights and measurements, adulteration, black marketing, hoarding, taking large amount of produce as free samples, buying the produce from farmers at a cheaper rate and selling to the consumers at a high rate and so on. Both, the farmers and consumers, are being exploited because of these malpractices.

**V) Conclusion:**

India is an agricultural country. Agriculture and allied industry are the prime source of income in rural areas and they play a vital role in the economic development of a country. About 60 per cent population depends upon the agriculture and allied industries for the livelihood. Even though the farmers are large in number and are uneducated/less educated, they are scattered in a large area and hence, they are not united and organised. The Indian farmers are exploited by the middlemen and therefore, they are not able to get reasonable prices for their produce.

In order to resolve the major issues in agricultural marketing faced by Indian farmers, following suggestions are made –

- 1) Elimination of middlemen/Direct sale from farmer to the consumer
- 2) Formation of farmers' organisation to increase their power of negotiations and for their rights
- 3) Modern warehousing and cold storage facilities<sup>1</sup>
- 4) Standardisation and grading for improving the quality of agricultural products<sup>1</sup>
- 5) Development of Cooperative Marketing Organisations and regulated markets
- 6) Construction of good roads in rural areas and development of transportation facilities
- 7) Speedy procedure for sanctioning loans at a reasonable rate of interest to the farmers by the banks and financial institutions
- 8) Education and training to the farmers and development of professional approach among them
- 9) Training programmes for the development of marketing skills among farmers
- 10) Awareness programmes for the farmers in respect of markets, trends and prices
- 11) Minimum guaranteed price fixation system for agricultural produce
- 12) Electronic weights and standard measurements

These suggestions are useful and practically implementable to enhance the quality and effectiveness of agricultural marketing.

#### **VI) References:**

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