



AN OVERVIEW OF AGRICULTURAL MARKETING IN INDIA

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Abstract

Agriculture is one of the Important sectors of the Indian economy. Agricultural marketing covers all the activities in the movement of agricultural products from the farms to the consumers. India is an agrarian economy with 70% of its population dependent on agriculture. Over the years we have improved our agricultural production which has been a boon. But finding a market for the marketed surplus and getting fair prices have always been a major challenge. This clearly points out the need of agricultural marketing in the present times. Agriculture constitutes the backbone of the Indian economy. Agriculture is an important sector in contributing more revenue to the Indian Economy. With the greater importance agriculturist should have good marketing facilities as economy adopt new policies. Indian agriculture can be balanced and made efficient through proper and better management practices. Value addition in agriculture marketing is huge potential for enhancing the living standard of majority of the people.

Keywords: Agricultural Marketing, Rural Development, Agricultural Production, Indian economy, etc.

Introduction:

For a long time, a traditional market system was existent in India. It was characterized by the village sales of agricultural commodities, post-harvest immediate sale by farmers etc. In 1928, the Royal commission has pointed out the problems of traditional marketing such as

high marketing cost, unauthorized deductions, and prevalence of various malpractices. This led to the demand of having regulated markets in India. Agricultural marketing is mainly the buying and selling of agricultural products. In earlier days when the village economy was more or less self-sufficient the marketing of agricultural products presented no difficulty as the farmer sold his produce to the consumer on a cash or barter basis. Today's agricultural marketing has to undergo a series of exchanges or transfers from one person to another before it reaches the consumer. There are three marketing functions involved in this, i.e., assembling, preparation for consumption and distribution. Selling on any agricultural produce depends on some couple of factors like the demand of the product at that time, availability of storage etc.

Objectives of the Research Study:

The said research study was carried out with following objectives in view:-

1. To study the Conceptual Background of Agricultural Marketing.
2. To study the present scenario in Agricultural Marketing
3. To study the challenges for Agricultural Marketing
4. To study the Need of Reforms in Agricultural Marketing.

Research Methodology:

The present research study uses the most recent available published secondary data. To achieve the above stated objectives, the secondary data was used. The secondary data that are mainly used are published in annual reports of various organizations and survey reports of leading business magazines. For the said research study the secondary data is also collected from the various National and International Research Journals which are related to Commerce, Management, Marketing and Finance. For the said research study the data pertaining to the above objectives was collected and reviewed the literature on the topic concerned. The literature was thus collected by visiting various libraries. The Secondary data is also collected from various websites.

Agricultural Marketing:

Agricultural marketing includes the movement of agricultural produce from farms where it is produced to the consumers or manufacturers. This covers physical handling and transport, initial processing and packing to simplify handling and reduce wastage, grading and quality control to simplify sales transactions and meet different consumers' requirements. Agricultural marketing also includes the marketing of production inputs and services to the farmers. Some of these include fertilizers, pesticides and other agricultural chemicals;

livestock feed; and farm machinery, tools and equipment. The term agricultural marketing include all those activities which are mostly related to the procurement, grading, storing, transporting and selling of the agricultural produce. Thus Prof. Faruque has rightly observed: “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.”

The National Commission on Agriculture defined agricultural marketing as a process which starts with a decision to produce a saleable farm commodity and it involves all aspects of market structure of system, both functional and institutional, based on technical and economic considerations and includes pre and post- harvest operations, assembling, grading, storage, transportation and distribution. The Indian council of Agricultural Research defined involvement of three important functions, namely (a) assembling (concentration) (b) preparation for consumption (processing) and (c) distribution.

Importance of Agricultural Marketing in India:

- Advanced agricultural practices resulted in the surplus production which changed the subsistence face of Indian agriculture.
- Approximately 33% of the output of food grains, pulses and nearly all of the productions of cash crops like cotton, sugarcane, oilseeds etc. are marketed as they remain surplus after meeting the consumption needs of the farmers.
- As agriculture sector produces raw materials for many of the other industries, marketing of such commercial products assumes significance.
- Increased efficiency of the marketing mechanisms would result in the distribution of products at lower prices to consumers having a direct bearing on national income.
- An improved marketing system will stimulate the growth in the number of agro-based industries mainly in the field of processing.
- Agricultural marketing is one of the many problems that have an immediate impact on the prosperity of farmers since India is associated with rural agriculture and up to 70% of the population depends on it.
- Agriculture provides raw materials to numerous Industries and so, advertising and promoting of such industrial crops like cotton, sugarcane, oil-seeds, and so on.
- The Marketing method brings new varieties, qualities and helpful products for shoppers and, as a result, selling acts as a line between production and consumption.

- An advertising gadget can grow to be an immediate supply of new technical understanding and set off farmers to adopt updated clinical methods of cultivation.
- A reduction in the cost of marketing is a direct benefit to the end consumer.
- Elimination of middlemen is possible only when farmers directly involved in Agricultural Marketing.

Regulated Markets:

The regulated market aims at the elimination of unhealthy and unscrupulous practices, reducing market costs and providing benefits to both producers as well as the sellers in the market.

Post the independence period in the sixties and seventies, most of the states enacted the Agricultural Produce Market Regulation Acts (APMR Acts). It authorized the States to set up and regulate marketing practices in wholesale markets. The objective was to ensure that farmers get a fair price for their produce.

Amendments in APMC Acts:

- Consequently, the inter-ministerial task force on agricultural marketing reforms (2002) recommended the APMC Act be amended to allow for direct marketing and the establishment of agricultural markets by the private and co-operative sector to provide more efficient marketing and creating an environment conducive to private investment.
- In response, the Union Ministry of Agriculture proposed a model act on agricultural marketing in consultation with State governments for adoption by the States. (Here, you should note that agriculture is a state subject and hence Central government can only give guidelines. It is within the powers of state government to decide whether to make amendments or not.)

Model APMC Act 2003:

- As per the act, the State is divided into several market areas, each of which is administered by a separate Agricultural Produce Market Committee (APMC) which impose its own marketing regulation (including fees).
- Apart from that, legal persons, growers, and local authorities are permitted to apply for the establishment of new markets for agricultural produce in any area.
- There will be no compulsion on the growers to sell their produce through existing markets administered by the Agricultural Produce Market Committee (APMC).
- Separate provision is made for notification of 'Special Markets' in any market area for specified agricultural commodities.

- Provision for Contract Farming, allowing direct sale of farm produce to contract farming sponsor from farmer's field.
- Single point levy of market fee on the sale of notified agricultural commodities in any market area.
- Provision made for resolving disputes arising between private market/ consumer market and Market.
- Provides for the creation of marketing infrastructure from the revenue earned by the APMC.

National Agriculture Market (NAM):

The motivation for a unified market platform can be traced to the Rashtriya e-Market Services (ReMS), an initiative of Karnataka State Agricultural Marketing Board with National e-Markets Limited (NeML), erstwhile National Commodity and Derivatives Exchange (NCDEX) Spot Exchange.

NAM, announced in Union Budget 2014-15, is a pan-India electronic trading portal which seeks to connect existing APMCs and other market yards to create a unified national market for agricultural commodities.

Features of NAM:

- NAM is a “virtual” market but it has a physical market (mandi) at the back end
- NAM creates a unified market through online trading platform both, at State and National level and promotes uniformity.
- The NAM Portal provides a single window service for all APMC related information and services.
- While the material flow of agriculture produce continues to happen through mandis, an online market reduces transaction costs and information asymmetry.

However, in order for a state to be part of NAM, it needs to undertake prior reforms in respect of

- A single license to be valid across the state.
- Single point levy of market fee.
- Provision for electronic auction as a mode of price discovery.

Persisting Challenges:

- The model APMC act that promoted the participation of private sector has not been implemented by all the states and the monopoly of APMC continues.
- Markets highly fragmented

- Insufficient Number of Markets:
- Private market intermediation.
- Inadequate Marketing Infrastructure:
- Multi languages and dialects.
- High Incidence of Market Fee/ Charges:
- High Post—Harvest Wastages:
- Infrastructural weakness.
- Restrictions in Licensing:
- Less Remuneration to the Farmers and High Intermediation Cost:
- Lack of Agricultural education
- Market Information Asymmetry:
- Inadequate Credit Facilities:

Need of Reforms in Agricultural Marketing:

‘Agriculture Marketing’ laws have been regulated by the State Governments. In order to remove restrictive provisions in the State marketing laws and monopolistic approach of APMCs, provide better price realization to the farmers through improved and alternative marketing channels, enhance investment in development of post-harvest marketing infrastructure, reforms in the sector are required. Central Government has been engaging with the States for more than a decade to implement reforms in the sector. Department of Agriculture, Cooperation & FW formulated a Model APMC Act in 2003 and also Model Rules in 2007 which were shared with the States/UTs for their guidance and implementation. Further, through advisories issued to the States from time to time, DAC has been requesting the States to reform their marketing regulations and align these with the provisions in the Model Act. The pace of reforms however, has been far from satisfactory.

The agriculture sector needs well-functioning markets to drive growth, employment and economic prosperity in rural areas of India. In order to provide dynamism and efficiency into the marketing system, large investments are required for the development of post-harvest and cold-chain infrastructure nearer to the farmers’ field. A major portion of this investment is expected from the private sector, for which an appropriate regulatory and policy environment is necessary. Also, enabling policies need to be put in place to encourage the procurement of agricultural commodities directly from farmers’ fields and to establish effective linkage between the farm production and the retail chain and food processing industries. Accordingly, the state governments were requested to suitably amend their

respective APMC Acts for deregulation of the marketing system in India, to promote investment in marketing infrastructure, thereby motivating the corporate sector to undertake direct marketing and to facilitate a national integrated market. The Department of Agriculture and Cooperation also formulated a model law on agricultural marketing for guidance and adoption by the state governments. The model legislation provides for the establishment of private markets/yards, direct purchase centers, consumer/farmers' markets for direct sale and promotion of Public Private Partnership (PPP) in the management and development of agricultural markets in India.

Reforms in Agricultural Marketing:

- Direct wholesale purchase from farmers outside the market yards at farm-gate by Processors/ Exporters/ Bulk Retailers/ End user, etc
- Establishment of private market yards / private markets managed by a person other than a Market Committee;
- Extent of financial support to farmers and agro-processing units;
- Establishment of farmer / consumer market by a person other than Market Committee (Direct Sale by the producer to the consumers);
- Training of new marketing techniques should be implemented
- Provision for Contract Farming;
- Provision for unified single registration / license for trade transaction in the mandis across the State;
- Storage and warehouse facilities must be established up to the most remote areas;
- Provision for e- trading; and Provision for single point levy of market fee at first transaction.
- 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.
- Elimination of the existing loopholes in the present legislations is warranted.
- The government is already fulfilling the objective of providing reasonable prices for the basic food commodities through Public Distribution System (PDS).
- 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.
- It is essential to provide subsidized power supply and loans to the farmers as the expenses towards power consumption takes considerable amount of investments.

Conclusion:

India can claim to have largest network of agri-business cooperatives in the world, engaging in performing manufacturing, procurement and marketing of agricultural produce. India has become self-sufficient in the agricultural production especially in the food grains India stands among the top agricultural producing nations of the world today. There is an eminent need for the Agri-marketing initiatives to be large and organized. The present market must cover two aspects of marketing network and actual regulation of the conduct of market. The need to strength the regulated market system arises from changing nature of linkages between agriculture and markets. In current days of mass production and marketing which is being replaced by customer-based or market-driven strategies, an effective marketing extension service is the need of the hour. This has added significance in the light of post-WTO scenario. If the Indian farmers have to withstand the possible onslaught of international competitors, both in domestic as well as overseas markets, agricultural marketing services have to be strengthened.

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