

PROBLEMS AND PROSPECTS IN AGRICULTURAL MARKETING

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INTRODUCTION:

"The future lies with those companies who see the poor as their customers." - C. K. Prahalad ,
India is basically an agrarian society where sole dependence has been on agriculture since time immemorial. In the olden days, the agricultural produce was fundamentally barter by nature where farmers exchanged goods for goods and also against services. Gradually the scenario changed with the changing times and agriculture produce began being sold with an element of commercial value. Trading of agriculture produce began for exchange of money. And from trading to marketing of agricultural produce began although mostly it is a way of traditional selling. The marketing as a term is broader than traditional trading. And agricultural marketing as a concept is still evolving in the Indian agrarian society.

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.

WHAT IS AGRICULTURAL MARKETING?

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.

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. It 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.

There are several complexities involved in agricultural marketing as agricultural produce involves element of risk like perish ability and it again depends on the type of produce. If the agriculture produce happens to be a seasonal one it involves another kind of risk. Like wise, there are several risk elements involved in agricultural marketing. The pricing of the produce depends on factors like seasonality and perish ability and it depends on the demand and supply also. And all these are interwoven and ultimately make a deep impact on agricultural marketing.

AGRICULTURAL MARKETING IN INDIA:

'4Ps', the acronym for price, product, place and promotion is the core principle of marketing. In the case of agricultural marketing in India it is not exactly the marketing in the literal sense and we can call it

as 'distributive handling' and to go further we may call it as 'distributive handling' of agricultural produce as there are number of intermediaries who are involved in marketing the agricultural produce. However with the liberalization, privatization and globalization the economic scenario in India has changed drastically and tremendously. As a result we have noticed the changes in the 'distributive handling' and again it reinvented and evolved as agricultural marketing. It is basically because of the rise of retail giants who are the major buyers in bulk quantity and who constantly look for differentiated, graded, standardized, processed and packaged products rather than undifferentiated ones. They also look for qualitative and quantitative supply of agricultural stocks continuously to beat the competition in the retail sector.

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 is 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.
- ❖ 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 crucial role of Non-Governmental Organizations (NGOs) is needed in this context.
- ❖ 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 in stead 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.

HOW TO GET FAIR AND JUST PRICES FOR FARMERS?

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.

CONCLUSION:

There is no doubt that in any marketing there is a motive towards profit involved and at the same time the marketing is to be based on certain values, principles and philosophies such as offering just and fair prices to the farmers who toil hard to till. Bringing necessary reforms coupled with proper price discovery mechanism through regulated market system will help streamline and strengthen the agricultural marketing.

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. Marketing of agriculture can be made effective if it is looked from the collective and integrative efforts from various quarters by addressing to farmers, middlemen, researchers and administrators. It is high time we brought out significant strategies in agricultural marketing with innovative and creative approaches to bring fruits of labor to the farmers.