

Agricultural marketing covers the services involved in moving an agricultural product from the farm to the consumer. They include storage, transport, processing, grading and finally the sale of products. A well organized market acts as a way for raising the income of the farmers and improving customer satisfaction.

Essential components of a well organized market include:

- Holding Capacity: A farmer should possess the capacity to hold his produce till he gets remunerative price. Themes like poverty, financial need forces farmers to sell their produce in the market immediately after harvest even though the prevailing prices might be low.
- Storage: storage facility for goods is necessary to prevent wastage and avoid distress sale.
- Transport: required for quick transfer of surplus produce to the marketplace for sale before the produce gets spoiled.
- Direct access to the market: helps in avoiding exploitation of farmers by numerous middlemen.
- Communication: helps in providing information to farmers about the prevailing price in the market.

Problems of Agricultural Marketing

1. Too many middlemen: Many farmers are dependent upon the services provided by middlemen like credit, transport, technical skill. However, this becomes an issue when middlemen start exploiting farmers by giving them non-remunerative prices for their produce.

2. Distress Sale: Due to the problems of poverty & financial emergency experienced by Indian farmers, they are forced to sell their produce immediately after harvest even though the prevailing market prices might be non-remunerative. The practice of borrowing money from the money lenders and traders against the standing crop by surrendering them the right to purchase the produce immediately after the harvest puts the farmers in a weak bargaining position.

3. Lack of organisation: While traders of agricultural products are more organised as they are less in number, farmers are large in number, scattered & less organised. Also, farmers are less informed about the market prices.

4. Seasonal price fluctuation: At certain times, prices increase substantially specially during the offseason due to low supply. On the other hand, during times of excess supply in peak season, the prices experience a downfall. Due to such fluctuations in prices, farmers are not able to earn a fixed income throughout the year.

5. Insufficient infrastructure facilities: There is a lack of good quality infrastructural facilities like storage, transport, etc which results in distress sale by farmers, selling to nearby traders.

6. Inadequate Credit: Some of the above problems such as post harvest and distress sales, incapability to wait and sell the produce at a better or higher price, inability to store the produce etc. are due to lack of enough finance. Borrowing from money lenders or traders lands them in a vicious circle. Institutional finance made available at the right time in the right amount and at an affordable cost would enable the farmers overcome certain constraints related to marketing his product.

A good marketing system is required to address the above problems. In the absence of a market which ensures a remunerative price, agriculture in India will remain a way of life with no commercial approach.

Marketing Forms Introduced By the Government

1. Co-operative Marketing

The number of tiers in cooperative marketing varies from state to state. Some states have a 2 tier-structure while others have a 3 tier- structure.

This form of marketing involves formation of an association by farmers for collective marketing of their produce. It gives importance to the commercialization of agriculture.

Benefits: saves the farmers from exploitation, avoids unnecessary middlemen, enables the farmers to fetch a remunerative price for their produce.

Structure of cooperative marketing:

1. At the state level, there are state marketing societies.
2. At the central level, there are central marketing societies
3. At the village level, cooperatives are called as primary marketing societies.

Functioning of the cooperative marketing society takes place in the following manner:

- (i) Members (farmers) agree to sell their surplus produce to the marketing cooperative societies.
- (ii) Members get an advance from the society on their agricultural activities and also to meet other needs.
- (iii) The society collects the produce of members and even from non-members who are willing to sell their produce to society.
- (iv) Society processes the produce, grades it and then disposes off in the market at a time when the prices are considered to appropriate.
- (v) Members are then paid the balance money.

In 1958, the National Agricultural Cooperative Marketing Federation of India (NAFED) was established as the apex body of cooperative marketing.

In 1963, the National Cooperatives Development Corporation (NCDC) was formed for promoting programs related to cooperatives.

2. Regulated Markets

Regulated market is a wholesale market where buying and selling is regulated and controlled by the state government through the market committee. These markets are established under Indian law.

A regulated market is administered by a market committee, that is, Agricultural Produce Market Committee (APMC) which consists of representatives of the state government, the legal bodies like district board, the traders, the commission agents and the farmers.

The market committee ensures:

- a. Elimination of malpractices such as incorrect weights, unauthorised charges or deduction, absence of grading and delay in payments etc.
- b. Fixing market charges like commission for agents, storage charges, rent for market space etc.
- c. Remunerative prices to the farmers through proper supervision of market activities.
- d. Redressing grievances after receiving complaints and providing arbitrators if necessary.
- e. Information about prices by collecting the required data about changes in demand, supply and other related variables etc.
- f. Help in securing storage facilities to the farmers to store their produce at reasonable charges till they get a better remunerative price.
- g. Bringing down the price spread by eliminating unwanted middlemen and unnecessary commissions

3. State Trading

It was introduced by the central government & also by some state governments. In this, government and government backed organizations like Food Corporation of India, Jute Corporation of India help in overcoming fluctuation in prices of agricultural goods in the free market. A minimum price is offered by the government to the farmers during procurement.

Measures to Improve Agriculture Market

A. Market Infrastructure

Adequate infrastructural facilities are necessary for the growth of our Indian Agricultural sector. Since Independence the government has undertaken the following steps:

1. Transportation facilities in the form of trains, roads, waterways and airways have witnessed improvement.
2. Warehousing facilities are provided in villages and towns so that farmers can store their produce till they get a better price.
3. Construction of godowns in rural areas has helped farmers store their agricultural goods and obtain loans against the same from banks.

4. Establishment of regulated markets for all the major crops.
5. Organized credit is provided by credit cooperatives and commercial banks at lower interest-rates and through less lengthy procedures.

B. Market Information

It is necessary that both buyers & sellers of agricultural produce have complete information about prices and all other aspects of marketing. Different measures undertaken so that market information is easily accessible include:

regulated markets display relevant information for the farmers, conducting marketing surveys to secure information about obstacles for achieving a competitive market. Grading & Standardisation of agricultural commodities has been introduced.

The standardised commodities through grading are stamped with the seal of the Agricultural Marketing Department- AGMARK. To test the quality and brand the product with AGMARK, a Central quality Control Laboratory at Nagpur and eight regional laboratories in different regions of the country have been established. The AGMARK enables the sellers secure a better price on the basis of quality.

C. Market Training

It is important that those who are involved in the selling of a good or services should have necessary expertise and knowledge of the marketing process.

Marketing training of agricultural goods involves the following stages:

1. Marketing skills are required both for purchasing & selling to prevent exploitation by the other party.
2. Acquiring market information with respect to supply & demand changes policy measures, other factors affecting prices, export & import of agricultural commodities is expected from marketing personnel.
3. Liaison Officers: They are required to have contact with government offices, leading traders, exporters and importers to acquire all the essential information connected to the marketing domestic and foreign.
4. Rules and Regulations: Agriculture being state subject, each state has its own rules regarding payment of fees and charges. Inter-state trade as well as export and import have their own conditions to be fulfilled. Training in this aspect is necessary to understand the procedures.
5. Grading and Standardisation of agricultural commodities: goods are graded on the basis of their quality after which they are stamping with the seal of Agricultural Marketing Department - AGMARK. The benefits of a AGMARK stamp are - consumers get a quality product while sellers get an assurance of a better price for their higher quality produce.

Marketing the commodities produced by a farmer requires a special skill, hence training in agricultural marketing is a part and parcel of modernising Indian agriculture.

D. Enabling Environment

For marketing of agriculture to take place smoothly, it is necessary to create an enabling environment. In this process of creating an enabling environment for agricultural marketing, following factors are important:

1. All the required agricultural inputs like good quality soil, seeds, proper irrigation facilities, fertilisers.
2. Transportation facilities like roads, railways, waterways must be available for timely transport of agricultural commodities to local & other markets.
3. Trained staff to test & grade the commodities so that prices can be charged on the basis of quality.
4. Other infrastructural facilities like electricity, warehouses, local mandis.
5. Agricultural information like prices should easily available & accessible.
6. In order to avoid waste and delay, the entire supply chain, production to consumption requires to be well co-ordinated.
7. To avoid malpractices like black market, hoarding, charging higher price, a transparent legal and policy framework must be in place. Trade policy should be strengthened for export & import of agricultural goods.
- 8.