

A study of Agricultural Marketing in India – an Overview

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Abstract

This paper analyses the concepts of agriculture marketing and factors are responsible for affecting agriculture marketing in India. It deals with the structure of agriculture marketing system in India and how the farmers products affected by lack of marketing information and marketing support. 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. The products may be sold directly in the market or it may be stored locally for the time being. Moreover, it may be sold as it is gathered from the field or it may be cleaned, graded and processed by the farmer or the merchant of the village. Sometime processing is done because consumers want it, or sometimes to conserve the quality of that product. The task of distribution system is to match the supply with the existing demand by whole selling and retailing in various points of different markets like primary, secondary or terminal markets.

Keywords- Agriculture marketing, Marketing Strategy, Distribution channels, Rural India

INTRODUCTION

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.

India is an agricultural country and one third population depends on the agricultural sector directly or indirectly. Agriculture remains as the main stay of the Indian economy since times immemorial. Indian agriculture contribution to the national gross domestic product (GDP) is about 25 per cent. With food being the crowning need of mankind, much emphasis has been on commercializing agricultural production. For this reason, adequate production and even distribution of food has of late become a high priority global concern.

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Most of the agricultural products in India are sold by farmers in the private sector to moneylenders (to whom the farmer may be indebted) or to village traders. Products are sold in various ways. For example, it might be sold at a weekly village market in the farmer's village or in a neighboring village. If these outlets are not available, then produce might be sold at irregularly held markets in a nearby village or town, or in the mandi.

'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.

Literature Review

Johnston, et.al., (1961) stated that economic development is characterized by an increased demand for agricultural products (due to population growth and high elasticity of demand for food from the poor). Failure to expand food supplies in pace with growth will impede development. Increased export growth is one of the most promising means of increasing incomes and foreign exchange earnings and expansion of secondary industry.

Pirrong, (1995) emphasizes that repeated interactions among traders and symmetric distribution of gains from efficient trading rules enforce reciprocity, which is essential for the success of cooperative behavior and consequently on the emergence of private enforcement mechanisms. It adds evidence that an even bargaining power between trading partners is also a critical factor for cooperative behavior and private ordering institution to emerge.

Dorward, et. al., (2004) stated that to be able to match the emerging market dynamics, there is need to strength competitiveness of farmers in the enterprises, value chains and wider

environments on which rural producers depend.

Nugussie (2010) analyzed that becoming a member of agricultural cooperative societies depends not only on the personal interests of the people but also on other additional factors that motivate them to become member of agricultural cooperatives as cooperatives are the basis to achieve food security at household level.

Begum (2011) found that the basic objective of regulating the marketing of agricultural products was to bring both producer and buyer/trader closer and to the same level of advantage. This would help reduce middlemen and associated costs and margins. Moreover regulated markets are the platform for both producers and buyers to represent their grievances and discuss matters of mutual interest.

Objectives

To study the agricultural marketing concept in India

To identified the factors affecting the agricultural marketing in India

Research Methodology

The present study is based on the collection of data from secondary sources. Secondary data is obtained from internet, various published and unpublished records, magazines, books and journals.

Factors affecting Agriculture marketing in India

Product Quality: Many of the farmers are not aware of the need for quality seeds and fertilizers. The poor quality seeds and fertilizers used in land will result in poor product quality.

Market information

Efficient market information can be shown to have positive benefits for farmers and traders. Up-to-date information on prices and other market factors enables farmers to negotiate with traders and also facilitates spatial distribution of products from rural areas to towns and between markets.

Marketing training

Farmers frequently consider marketing as being their major problem. However, while they are able to identify such problems as poor prices, lack of transport and high post-harvest losses, they are often poorly equipped to identify potential solutions

Enabling environments

Agricultural marketing needs to be conducted within a supportive policy, legal, institutional, macro-economic, infrastructural and bureaucratic environment. Traders and others are generally reluctant to make investments in an uncertain policy climate, such as those that restrict imports and exports or internal produce movement. Businesses have difficulty functioning when their trading activities are hampered by excessive bureaucracy.

Storage facility

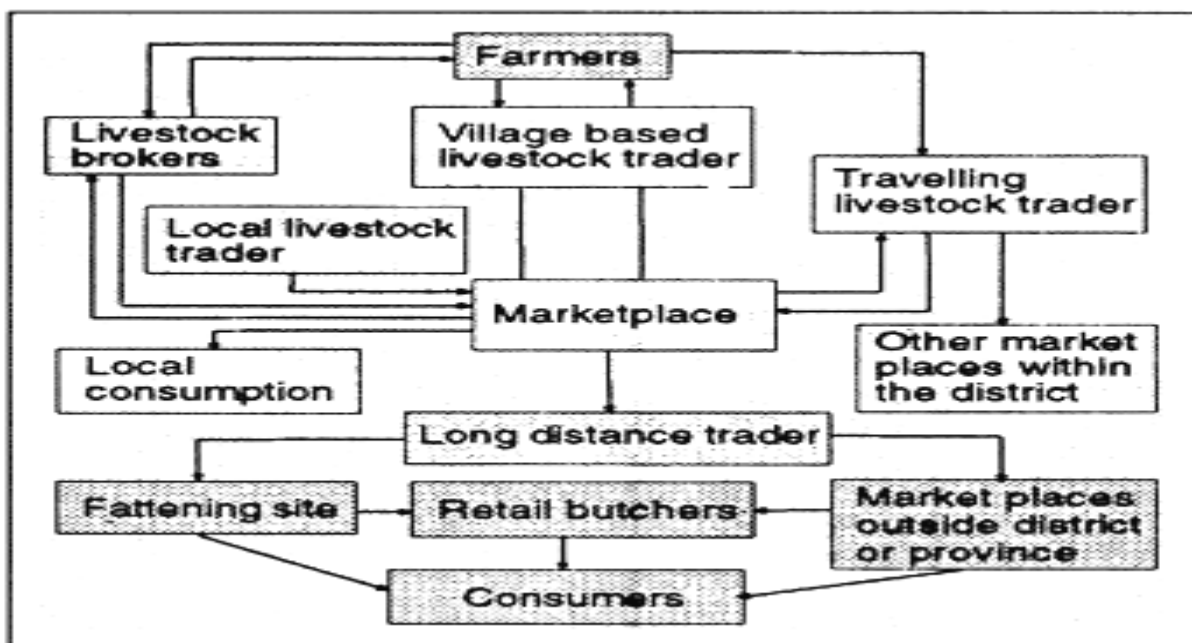
Agricultural marketing support

Most governments have at some stage made efforts to promote agricultural marketing improvements. In the United States the Agricultural Marketing Service (AMS) is a division of USDA and has programs that provide testing, support standardization and grading and offer market news services.

Recent developments

New marketing linkages between agribusiness, large retailers and farmers are gradually being developed, e.g. through contract farming, group marketing and other forms of collective action.^[11] Donors and NGOs are paying increasing attention to ways of promoting direct linkages between farmers and buyers^[12] within a value chain context.

Structures of Agriculture Marketing in India



Conclusion

This paper analyzes the overview of the Indian marketing condition and also analyses the factors responsible for affecting the agriculture marketing. The most important factor is marketing information about the products. Most of farmers don't know actual value of their products due the lack of knowledge. Agriculture and allied sectors like forestry and fisheries accounted for 13.7% of the GDP (gross domestic product) in 2013, about 50% of the workforce. The economic contribution of agriculture to India's GDP is steadily declining with the country's broad-based economic growth. But in agriculture sector perform continuously and contribute the better growth to GDP. Market is a place where buyer and seller meet and exchange their needs to each other's and marketing is a process by which both parties full fill their demands. Hence we can say that agricultural marketing play a very important role to enhancing the revenue of the farmers and country as well.

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