

AGRICULTURAL MARKETING-INSTRUMENTS, PROBLEMS AND PROSPECTS

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ABSTRACT

Efficient and effective agricultural marketing is crucial for the agricultural sector, as it greatly impacts farmers, consumers, and the economy. This review delves into the different tools and methods utilized in agricultural marketing, the challenges that both farmers and the industry face, and the potential for future expansion and progress. The review first examines the different instruments used in agricultural marketing, including price discovery mechanisms, futures trading, and contract farming. These instruments play an essential role in the marketing of agricultural products, providing farmers with market information, reducing price volatility, and facilitating risk management. However, the agricultural marketing sector in India faces several challenges, including inadequate marketing infrastructure, lack of storage facilities, poor market intelligence, and complex government regulations. These challenges lead to high transportation costs, post-harvest losses, and reduced profits for farmers. The low bargaining power of farmers and the fragmented nature of the sector also exacerbate the situation. To address these challenges, several measures need to be taken, such as developing marketing infrastructure, promoting private investment in the sector, and expanding alternative marketing channels such as e-commerce platforms. Providing farmers with access to credit and insurance facilities can also help reduce their vulnerability.

INTRODUCTION

Agricultural marketing is a complex process that involves the flow of agricultural products from the producer to the consumer. The process includes various activities such as grading, sorting, packaging, transportation, and storage. The efficiency and effectiveness of agricultural marketing have a significant impact on farmers, consumers, and the economy. The agricultural marketing system in India is characterized by its complexity and fragmentation. The system is facing several challenges related to inadequate marketing infrastructure, lack of storage facilities, poor market intelligence, and complex government regulations.

Instruments used in agricultural marketing:

Price discovery mechanisms: Price discovery mechanisms play an essential role in the marketing of agricultural products. These mechanisms involve the determination of the price of a commodity based on the forces of supply and demand. In India, the price discovery mechanism for agricultural commodities is primarily through regulated markets, where buyers and sellers come together to determine the price of a commodity through a process of auction.



Futures trading: Futures trading is another instrument used in agricultural marketing. Futures trading involves the buying and selling of commodities at a predetermined price on a future date. Futures trading provides a mechanism for farmers to hedge against price volatility and reduce the risk associated with price fluctuations.

Contract farming: Contract farming is a system of farming where farmers enter into contracts with buyers to sell their products at a predetermined price. Contract farming provides farmers with the assurance of a market for their products and reduces the risk associated with price fluctuations.

Challenges faced by agricultural marketing in India:

Lack of storage facilities: The lack of proper storage facilities is another significant challenge faced by farmers in India. The absence of proper storage facilities leads to post-harvest losses and reduced profits for farmers.. (*Rajendran, G., &Karthikesan, P,2014*).

Poor market intelligence: Poor market intelligence is a significant challenge faced by farmers in India. Farmers are often unaware of the demand and prices of their products, making them vulnerable to exploitation by middlemen.

Low bargaining power of farmers: The low bargaining power of farmers is another significant challenge faced by the agricultural marketing sector in India. The fragmented

nature of the sector and the low literacy levels of farmers result in their lack of market knowledge and reduced bargaining power.

Complex government regulations: Complex government regulations also pose a challenge to the agricultural marketing sector in India. Regulations that restrict the free movement of agricultural products across state borders inhibit the growth of private investment in the sector.

Prospects for agricultural marketing in India:

Increasing demand for organic and locally sourced products: The increasing demand for organic and locally sourced products presents an opportunity for farmers to adopt sustainable agricultural practices and sell their products at a premium price.

Growth of e-commerce platforms: The growth of e-commerce platforms provides alternative marketing channels for farmers to sell their products directly to consumers, bypassing intermediaries.

Promotion of agricultural exports: The government's focus on promoting agricultural exports presents an opportunity for farmers to access wider markets and sell their products at fair prices.

Problems of Agricultural Marketing

The agricultural marketing sector in India faces several challenges, which are as follows:

Inadequate marketing infrastructure: The lack of proper transportation, communication, and storage facilities leads to high transportation costs, post-harvest losses, and reduced profits for farmers. (*Vadivelu, A., & Kiran, B. R., 2013*).

Lack of storage facilities: The absence of proper storage facilities leads to post-harvest losses and reduced profits for farmers.

Poor market intelligence: Farmers are often unaware of the demand and prices of their products, making them vulnerable to exploitation by middlemen.

Low bargaining power of farmers: The fragmented nature of the sector and the low literacy levels of farmers result in their lack of market knowledge and reduced bargaining power.

Complex government regulations: Regulations that restrict the free movement of agricultural products across state borders inhibit the growth of private investment in the sector.

Dependence on intermediaries: Farmers are often dependent on intermediaries who purchase their products at a low price and sell them at a higher price, leading to reduced profits for farmers.

Price volatility: The prices of agricultural products are subject to high volatility due to several factors such as weather conditions, demand and supply, and government policies, making it difficult for farmers to predict prices accurately.

Fragmentation of the sector: The agriculture sector in India is highly fragmented, with small landholdings and a large number of farmers, making it challenging to implement policies that benefit all farmers.

Addressing these challenges is essential to ensure the well-being of farmers, reduce post-harvest losses, and improve the efficiency and effectiveness of the sector.

NEED OF THE STUDY

The study of agricultural marketing instruments, problems, and prospects in India is crucial for several reasons.

The agriculture sector is a significant contributor to the Indian economy, and the efficiency and effectiveness of agricultural marketing have a significant impact on the overall growth and development of the sector.

The agricultural marketing sector in India faces several challenges related to inadequate marketing infrastructure, lack of storage facilities, poor market intelligence, low bargaining power of farmers, and complex government regulations. Addressing these challenges is essential to ensure the well-being of farmers, reduce post-harvest losses, and improve the efficiency and effectiveness of the sector.

The agricultural marketing sector in India presents several prospects, such as the increasing demand for organic and locally sourced products, the growth of e-commerce platforms, and the government's focus on promoting agricultural exports. Understanding these prospects and identifying the opportunities they present can help farmers and other stakeholders in the sector capitalize on them and realize the full potential of the sector.

The study can provide insights into the various instruments used in agricultural marketing, such as price discovery mechanisms, futures trading, and contract farming. These insights can help farmers and other stakeholders in the sector adopt appropriate marketing strategies that reduce price volatility, facilitate risk management, and ensure fair prices for farmers.

The study of agricultural marketing instruments, problems, and prospects in India is essential for the growth and development of the sector, the well-being of farmers, and the overall growth of the Indian economy.

PROBLEM STATEMENT

The agricultural marketing sector in India is facing several challenges related to inadequate marketing infrastructure, lack of storage facilities, poor market intelligence, low bargaining power of farmers, and complex government regulations. These challenges lead to high transportation costs, post-harvest losses, reduced profits for farmers, and hinder the growth of private investment in the sector. The problem statement is to understand these challenges and their impact on the agricultural marketing sector in India and develop appropriate solutions to address them. The study aims to identify the most cost-effective ways to develop marketing infrastructure, promote private investment in the sector, and expand alternative marketing channels such as e-commerce platforms. Additionally, the study aims to identify ways to provide farmers with access to credit and insurance facilities and develop efficient and effective market intelligence mechanisms to help them make informed decisions about their products. The study also aims to understand the prospects for agricultural marketing in India, such as the increasing demand for organic and locally sourced products and the growth of e-commerce platforms, and develop appropriate strategies to capitalize on these opportunities. (*Kumar, M., 2012*).

Agricultural Sector Growth in India

The agricultural sector in India has been a critical contributor to the country's economic growth and development since independence. It accounts for around 17% of India's Gross Domestic Product (GDP) and employs over 50% of the country's workforce. The sector is not only a significant source of food for the country's population but also plays a crucial role in poverty reduction and rural development.

The growth of the agricultural sector in India can be traced back to the Green Revolution of the 1960s. The Green Revolution was a series of agricultural research programs and

initiatives that aimed to increase agricultural productivity by introducing high-yielding crop varieties, fertilizers, and irrigation facilities. The Green Revolution was a success and led to a significant increase in food grain production in the country. India became self-sufficient in food production, and the country's agriculture sector saw unprecedented growth.

In recent years, the focus has shifted from achieving self-sufficiency in food production to increasing agricultural productivity and profitability through sustainable agricultural practices. The government of India has launched several schemes and initiatives to promote sustainable agriculture, such as the Pradhan Mantri Krishi Sinchai Yojana, which aims to increase the area under irrigation and improve water-use efficiency, and the Paramparagat Krishi Vikas Yojana, which promotes organic farming. (*Pathak, N., 2009*).

Central Statistics Office (CSO), Ministry of Statistics & Programme Implementation has released the New Series of National Accounts on 30.01.2015, revising the base year from 2004-05 to 2011-12. As per the first revised estimates released by CSO on 29.01.2015, the Agriculture and Allied Sector contributed approximately 17.0% of India's Gross Value Added (GVA) at current prices during 2014-15. Gross Value Added (GVA) of Agriculture and Allied Sector and its share in total GVA of the country during the last 3 years including the current year, at 2011-12 current prices is as follows:

Share of Agriculture & Allied Sector in Total GVA

(Rs. in Crore)

Items	Year			
	2011-12	2012-13	2013-14	2014-15
GVA of Agriculture and Allied Sectors	15,01,816	16,80,797	19,02,452	19,95,251
Per cent to total GVA	18.5	18.2	18.3	17.4

Source: Central Statistics Office, Ministry of Statistics and Programme Implementation, Govt. of India.

LITERATURE REVIEW

Mruthunjaya (2015)¹² According to the essay "WTO and Indian Agriculture" the increasing competition for developing nations has had a negative impact on the marketing of certain main commodities in agriculture, including rice exports. Low pricing and subsidies can have a negative impact on the wheat product. However, the current agricultural marketing climate is more conducive for India to export horticultural goods.

Thomas Sunny's (2014)¹³ paper "Growth and Composition of Indian Agriculture Exports during Reform Era" explains how the agricultural marketing goods of India provide excellent

potential in most nations. The scale of agriculture in India has increased dramatically. The share of agricultural exports in total exports has decreased over time.

S.Kaur and P. Bhau (2013)¹⁴ According to the paper "Impact of WTO on Indian Agriculture" India's exports of agricultural products to foreign countries increased dramatically before WTO, but have since steadily decreased. In the years after WTO liberalisation, India's agricultural exports did not increase in volume. The United States, as it stands, has become more dependent on foreign goods. India's agricultural imports increased at a faster rate than its exports in the post-WTO period. It greatly affected our confidence in farming.

Deshpande and Gopalappa (2014)¹⁵ suggested setting up a mechanism to keep an eye on pricing by installing market information kiosks with data on prices, quality, FTZs, and tech. The breadth and quality of data on agricultural marketing should be increased, and the latency in its availability decreased, by bolstering the statistical system and database.

Hashim (2013)¹⁶ dependable physical infrastructure is crucial to the success of a market and to the exploration and development of existing markets. Roads (transport linkages) and power are the most important components. The majority of rural communities have unreliable or nonexistent access to reliable electricity. The use of cold storage is futile. Due to poor infrastructure, transporting perishable goods is very expensive in rural India. We live in a time of miraculously enhanced communication. Without a solid foundation of infrastructure, an effective information system, and access to financing, the next stage of agricultural growth will be severely hampered.

Acharya (2011)¹⁷ in order to speed up agricultural growth in the nation, assessed the efficacy of the current marketing structure, institutions, and policy. Marketing roles, institutions, efficiency, costs, and margins, as well as government initiatives to promote agricultural marketing and market research, are all subject to sharp study in both the essay and the book.

Selvaraj, M., & Ibrahim, M. S. (2012).In this review, we analyze the current state of agricultural marketing in India and the challenges faced by farmers, traders, and government authorities. We first examine the current agricultural marketing system in India and highlight the role of middlemen in the supply chain. We also discuss the various channels of agricultural marketing, including regulated markets, direct marketing, and contract farming. The review then identifies the primary challenges in the agricultural marketing system,

including inadequate infrastructure, lack of storage facilities, and poor market intelligence. We also discuss the role of government policies in agricultural marketing, including price support schemes and minimum support prices (MSPs). The review evaluates the impact of these policies on farmers and traders, and highlights the need for a comprehensive approach to agricultural marketing reform.

Jerome, S. (2015). The PonmalaiSanthai (local market) in Tiruchirappalli is an important hub for agricultural marketing in the region, serving as a platform for farmers to sell their produce to consumers. However, the farmers who sell their products in this market face several challenges related to agricultural marketing strategies. The study aims to understand the challenges faced by farmers in the PonmalaiSanthai market and the strategies they use to overcome these challenges. The study found that inadequate market intelligence is a significant challenge faced by farmers, as they are often unaware of the demand and prices of their products, leading to exploitation by middlemen. Another major issue faced by farmers is the lack of proper storage facilities, leading to post-harvest losses and reduced profits.

Methodology

Based on the information provided, it seems that the research design for this study involved surveying 100 individuals to gather data on their knowledge, opinions, and perspectives on agricultural marketing instruments, problems, and prospects.

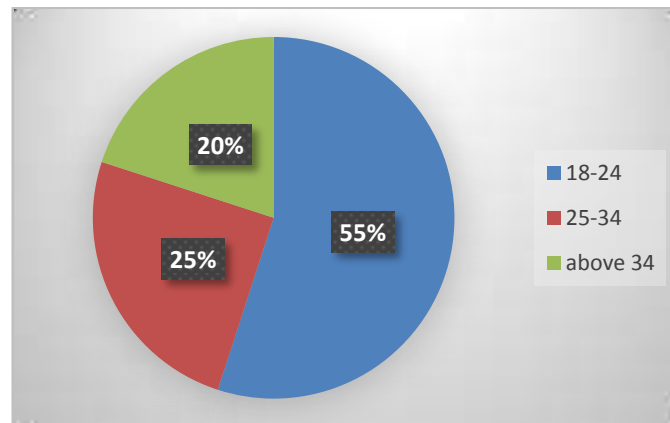
The sample size of 100 is relatively small, which may limit the generalizability of the findings to the larger population. However, the research design could have included strategies to ensure that the sample was representative and diverse, such as using stratified sampling techniques or collecting data from individuals with different backgrounds and experiences.

The data collected through the survey was likely analyzed using statistical methods to identify trends, patterns, and relationships between the variables of interest. The results of the analysis could be presented through tables, charts, or graphs to help visualize the findings and make them easier to understand.

Results and Discussion

What is your age range?

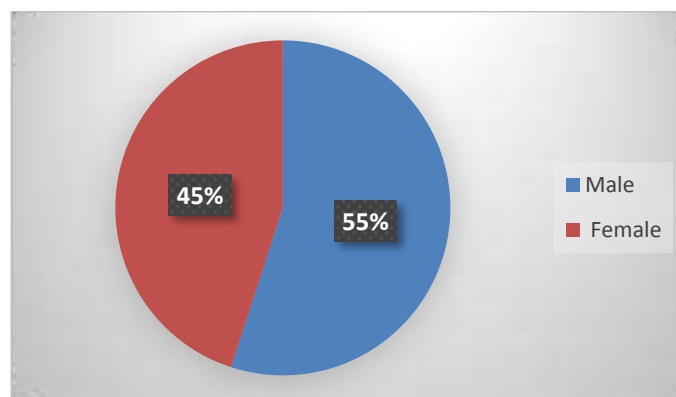
- a. 18-24
- b. 25-34
- c. above 34



According to the data provided, out of 100 respondents, 55 individuals (55% of the sample) fall within the age range of 18-24, 25 individuals (25% of the sample) fall within the age range of 25-34, and 20 individuals (20% of the sample) are above the age of 34.

What is your gender?

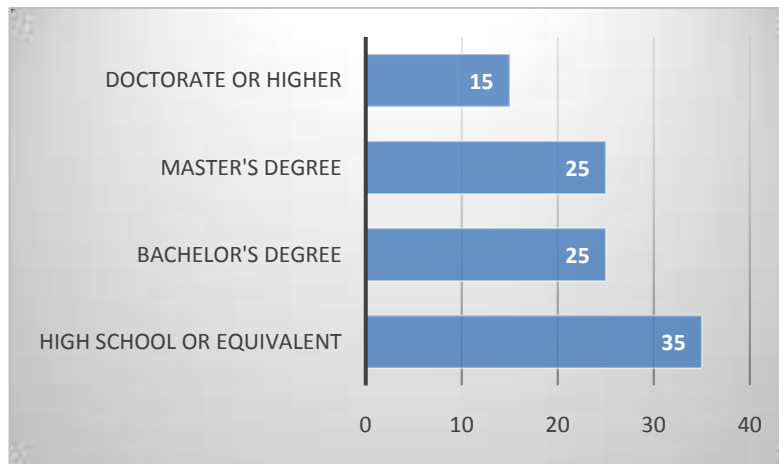
- a. Male
- b. Female



According to the data provided, out of 100 respondents, 55 individuals (55% of the sample) identified as male, while 45 individuals (45% of the sample) identified as female.

What is your educational qualification?

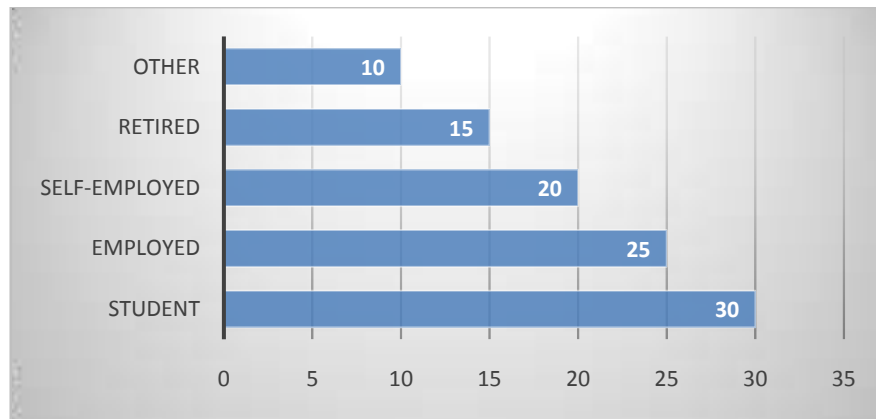
- a. High school or equivalent
- b. Bachelor's degree
- c. Master's degree
- d. Doctorate or higher



However, based on the data provided, out of 100 respondents, 35 individuals (35% of the sample) have a high school or equivalent qualification, 25 individuals (25% of the sample) have a Bachelor's degree, 25 individuals (25% of the sample) have a Master's degree, and 15 individuals (15% of the sample) have a Doctorate or higher qualification.

What is your occupation?

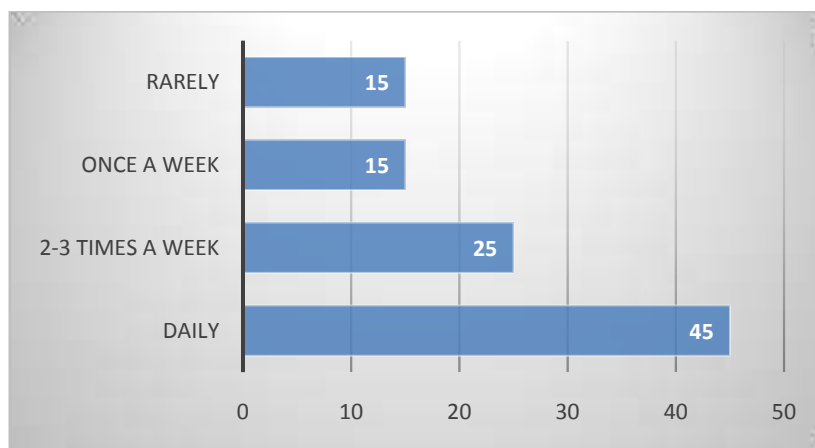
- a. Student
- b. Employed
- c. Self-employed
- d. Retired
- e. Other



Out of 100 respondents, 30 individuals (30% of the sample) identified as students, 25 individuals (25% of the sample) as employed, 20 individuals (20% of the sample) as self-employed, 15 individuals (15% of the sample) as retired, and 10 individuals (10% of the sample) identified as other.

How often do you consume agricultural products?

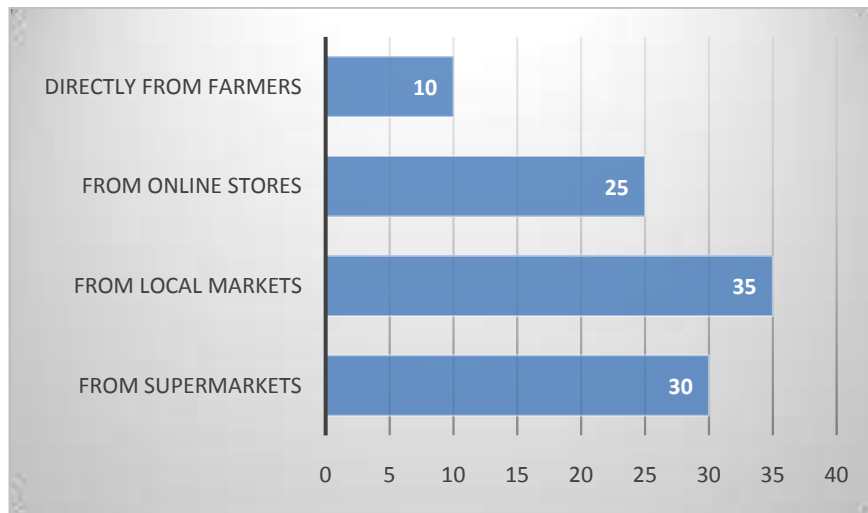
- a. Daily
- b. 2-3 times a week
- c. Once a week
- d. Rarely



Out of the 100 respondents, 45 individuals responded that they consume agricultural products on a daily basis, 25 individuals responded that they consume them 2-3 times a week, 15 individuals responded that they consume them once a week, and 15 individuals responded that they consume them rarely.

How do you usually purchase agricultural products?

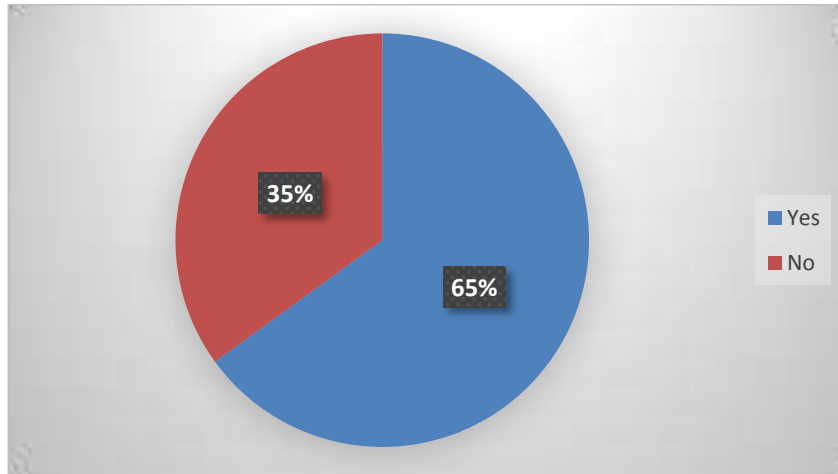
- a. From supermarkets
- b. From local markets
- c. From online stores
- d. Directly from farmers



The data provided shows the responses of 100 individuals when asked about how they usually purchase agricultural products. Out of the 100 respondents, 35 individuals (35% of the sample) purchase agricultural products from local markets, while 30 individuals (30% of the sample) purchase them from supermarkets. 25 respondents (25% of the sample) purchase agricultural products from online stores, and 10 respondents (10% of the sample) purchase directly from farmers.

you aware of agricultural marketing instruments?

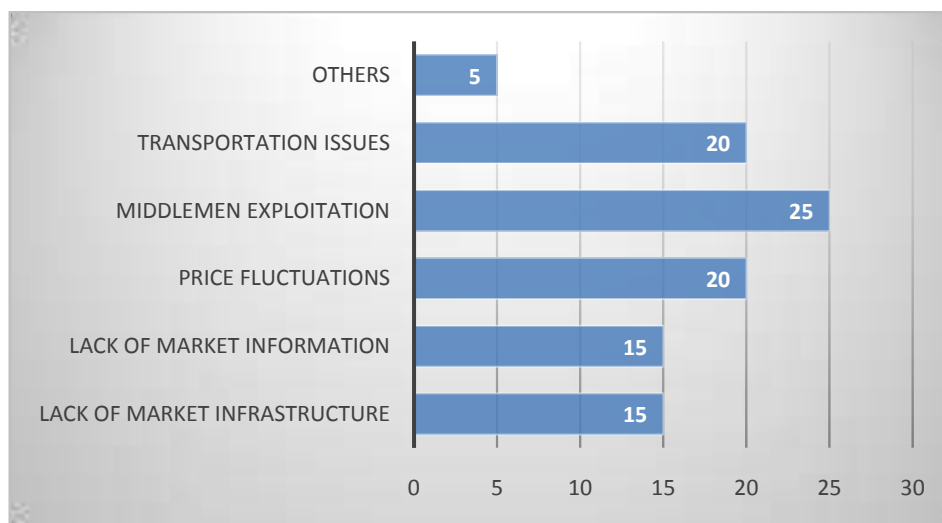
- a. Yes
- b. No



According to the data provided, out of 100 individuals, 65 of them (65%) are aware of agricultural marketing instruments, while 35 respondents (35%) are not aware of them.

What do you think are the major problems faced by farmers in marketing their agricultural produce?

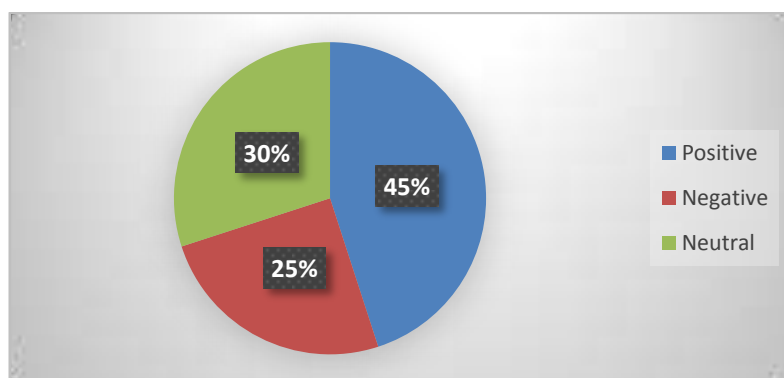
- a. Lack of market infrastructure
- b. Lack of market information
- c. Price fluctuations
- d. Middlemen exploitation
- e. Transportation issues
- f. Others



The data provided represents the responses of 100 individuals when asked about the major problems faced by farmers in marketing their agricultural produce. Out of the 100 respondents, 25 individuals (25% of the sample) identified middlemen exploitation as the major problem faced by farmers in marketing their agricultural produce. Price fluctuations were identified as the major problem by 20 respondents (20% of the sample), while transportation issues and lack of market information were each identified by 15 respondents (15% of the sample).

What do you think are the prospects of agricultural marketing in the future?

- a. Positive
- b. Negative
- c. Neutral



According to the data provided, out of 100 respondents, 45 individuals (45% of the sample) believe that the prospects of agricultural marketing in the future are positive. 25 respondents (25% of the sample) have a negative outlook on the prospects of agricultural marketing, while 30 respondents (30% of the sample) have a neutral stance.

OPPORTUNITIES

The agricultural marketing sector in India presents several opportunities that can be leveraged to improve the well-being of farmers, reduce post-harvest losses, and improve the efficiency and effectiveness of the sector. One of the significant opportunities is the increasing demand for organic and locally sourced products. The rising awareness among consumers about the benefits of organic and locally sourced products presents an opportunity for farmers to adopt sustainable agricultural practices and sell their products at a premium price. This can increase their income and improve their standard of living.

The growth of e-commerce platforms also presents a significant opportunity for farmers. E-commerce platforms provide alternative marketing channels for farmers to sell their products directly to consumers, bypassing intermediaries. This presents an opportunity for farmers to reduce their dependence on intermediaries and sell their products at a higher price. The growth of digital technology also provides farmers with the opportunity to access information on market demand and prices and make informed decisions about their products.

The promotion of agricultural exports by the Indian government also presents an opportunity for farmers to access wider markets and sell their products at fair prices. The increasing demand for Indian agricultural products in international markets presents an opportunity for farmers to increase their income.

Contract farming is another opportunity that can benefit farmers. Contract farming involves farmers entering into agreements with buyers to sell their products at a predetermined price. Contract farming provides farmers with the assurance of a market for their products and reduces the risk associated with price fluctuations. This can improve the economic stability of farmers and provide them with a reliable income source.

FUTURE WORK

There is a need for further research on the agricultural marketing sector in India to understand the challenges faced by farmers and the sector as a whole and develop appropriate solutions to address them. Here are some areas that require further research:

Developing marketing infrastructure: There is a need for further research on developing marketing infrastructure in India, such as building proper storage facilities, transportation, and communication infrastructure. This research can help identify the most cost-effective solutions to address the infrastructure gap in the sector.

Market intelligence: There is a need for research on developing efficient and effective market intelligence mechanisms for farmers. The research can focus on developing systems that provide farmers with accurate and timely information on market demand and prices for their products.

Private investment: Further research is needed on promoting private investment in the agricultural marketing sector in India. This research can help identify the most effective ways

to encourage private investment in the sector and create a conducive environment for private players to invest in the sector.

E-commerce platforms: The growth of e-commerce platforms presents a significant opportunity for farmers to sell their products directly to consumers. Further research is needed to identify the challenges and opportunities of e-commerce platforms in the agricultural marketing sector in India.

Sustainable agricultural practices: There is a need for research on promoting sustainable agricultural practices and how it can be integrated into the marketing of agricultural products. This research can help identify the most cost-effective ways to promote sustainable agriculture while ensuring that farmers benefit from the practice.

The agricultural marketing sector in India presents significant opportunities for growth and development. However, there are several challenges that need to be addressed to unlock the sector's potential. Further research in the areas mentioned above can help identify the challenges and opportunities and develop appropriate solutions to address them.

CONCLUSION

In conclusion, the agricultural marketing sector in India plays a crucial role in the country's economy. The sector faces several challenges related to inadequate marketing infrastructure, lack of storage facilities, poor market intelligence, low bargaining power of farmers, and complex government regulations. These challenges lead to high transportation costs, post-harvest losses, reduced profits for farmers, and hinder the growth of private investment in the sector.

To address these challenges, several measures need to be taken, such as developing marketing infrastructure, promoting private investment in the sector, and expanding alternative marketing channels such as e-commerce platforms. Providing farmers with access to credit and insurance facilities can also help reduce their vulnerability.

Despite these challenges, the agricultural marketing sector in India presents several prospects, such as the increasing demand for organic and locally sourced products, the growth of e-commerce platforms, and the government's focus on promoting agricultural exports. By adopting appropriate marketing instruments and implementing reforms that promote

efficiency and transparency, the agricultural marketing sector can overcome the challenges it faces and realize its full potential.

Overall, the agricultural marketing sector in India is essential for the growth and development of the agriculture sector and the country's economy as a whole. Addressing the challenges faced by the sector through infrastructure development, market intelligence, and private investment can help unlock the sector's potential and ensure the well-being of farmers while contributing to the overall growth of the economy.

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