

A Study On Marketing Of Agro-Products

Manik Jindal

Assistant Professor

Guru Nanak College Killianwali

manik.jindal02@gmail.com

Abstract

India is considered as an agricultural nation. Considering its population, there is a strong call for improving the nutrition level of the people. In order to fulfil this objective, agricultural marketing needs to be developed properly. Large number of people of India lives in rural areas. Rural people directly or indirectly depend on agriculture for their survival. Now the need of the hour is to improve agricultural marketing, so that farmers could earn adequate profits. The purpose of this paper is to highlight the importance of agricultural marketing for development of rural parts. This paper also covers the functions performed on marketing of agro products, problems in agricultural marketing in developing countries when compared to the developed countries and the reforms required to rectify the problems.

Keywords: A gro-Products, Agricultural Marketing, Rural India

Introduction

The term agricultural marketing is composed of two words viz. “agriculture” and “marketing.” Agriculture includes the activities aimed at the use of natural resources for human welfare and marketing connotes a series of activities involved in moving the goods from the point of production to the point of consumption. Thus Agricultural Marketing refers to as the commercial functions involved in transferring agricultural products from producer to consumer. It involves moving agro products and transferring ownership at various levels of the marketing channel. Agriculture is the backbone of Indian economy. Post independence saw a major and rapid growth in Indian agriculture at the rate of 2.6% per annum. Agriculture is the primary source of livelihood for about 58 per cent of India’s population. Gross Value Added by agriculture, forestry and fishing is estimated at Rs 18.53 trillion (US\$ 271.00 billion) in FY18. The Indian food industry is poised for huge growth, increasing its contribution to world food trade every year due to its immense potential for value addition, particularly within the food processing industry. The Indian food and grocery market is the world’s sixth largest, with retail contributing 70 per cent of the sales. The Indian food processing industry accounts for 32 per cent of the country’s total food market, one of the largest industries in India and is ranked fifth in terms of production, consumption, export and expected growth. It contributes around 8.80 and 8.39 per cent of Gross Value Added (GVA) in Manufacturing and Agriculture respectively, 13 per cent of India’s exports and six per cent of total industrial investment. As of September 2018, total area sown with kharif crops in India reached 105.78 million hectares. India is the second largest fruit producer in the world. Production of horticulture crops is estimated at record 314.7 million tonnes (mt) in 2018-19 as per third advance estimates. India has adequate technology, but it is not fully implemented

as our producers since there is lack of awareness. Producers expect better returns as they work hard. Agricultural marketing should be planned and well prepared. In developing countries like India, agricultural markets comprise of poor infrastructure, poor transport and communication, limited rule of law, limited access to finance etc. This result leads to market failure.

Literature Review

A considerable amount of research has been done on the working and performance of agricultural marketing in India, by the academicians and researchers. The literature obtained in the form of reports and research studies, is briefly reviewed in this part.

- Godara (2006) in his study described that the positive trend of economic liberalization and associated opening up of Indian economy have significantly reduced the structural rigidities in the system, this trend should be premise of India's future agricultural reform. Agricultural business has come under strong and direct influence of international market. Indian farmers have to produce quality goods to meet the international standards.
- Kashyap and Raut (2006) in their paper suggested that, marketers need to design creative solutions like e- marketing to overcome challenges typical of the rural environment such as physical distribution, channel management promotion and communication. The "anytime-anywhere" advantage of e-marketing leads to efficient price discovery, offers economy of transaction for trading and more transparent and competitive setting.
- Brithal *et al.* (2007) in their study suggested that by building efficient and effective supply chain using state of the art techniques it is possible to serve the population with value added food, while simultaneously ensuring remunerative prices to farmers.
- Tripathi and Prasad (2009) in their paper reported that Indian agriculture has progressed not only in out-put and yield terms but the structural changes have also contributed
- Pathak (2009) in his research paper stated that the contribution of agriculture in growth of a nation is constituted by the growth of the products within the sector itself as well as the agricultural development permits the other sectors to develop by the goods produced in the domestic and international market.

Objectives of the Study

- To highlight the importance of agricultural marketing
- To investigate the problems related to agricultural marketing
- To know the opportunities ahead

Research Methodology

Methodology used in this research is mainly secondary and necessary information was collected from various papers, books and articles.

Agricultural Marketing in India

India has a long tradition of markets; most of these are held in rural areas. Rural Primary Markets (RPM) include markets like Haats, Shandies, Mandis, Painths and Fairs, which are estimated between 20,000-45,000 in the country, mostly for small and marginal farmers for marketing their farm produce and purchasing inputs also. Agricultural produce is sold in these markets by the following methods.

- Hatha system prevailed in India before decades and is even now practiced in most of the agricultural producing states of India, where prices of the produce are settled by the buyer and the commission agent of the seller.
- Private negotiations are buyers coming to the shops of the commission agent at the time convenient to the latter and after inspecting the sample product, price is offered.
- Dara Sale Method is another form of selling agricultural produce where the produce is mixed and then sold as one lot.
- In Moghum Sale Method the produce is sold on the basis of verbal understanding between the buyer and the seller without any pre-settled price. Prospective buyers gather at a commission agents shop, where a heap of agricultural produce is assembled, examined and shout out their bids the produce is sold to the higher bidder.
- In Closed Tender System the produce is displayed at the shop of commission agent with lot size. Buyers can inspect the produce after visiting the shop and offer price on a slip of paper and deposit the slip in a sealed box for buying at the shop of commission agent then the highest bidder is informed and product is sold.
- Jalap sale is another method where traders try to buy the standing crop at a cheaper rate, a farmer earns without undertaking any further risk and expenses, State trading plays a major role in purchasing agricultural produce from farmers at a fixed procurement prices. The government undertakes this to enable centralized and equal distribution of the produce and assumes better returns to producers.

Functions of Agricultural Marketing

The major marketing functions involved in agricultural marketing are:

- **Concentration:** The foremost function to be performed in agricultural marketing is to collect the agro produce ready to sale in a central place for economic buying purpose.
- **Grading of Agro Produce:** Grading is the process of segregating the huge amount produce into different categories on the basis of variety, quality, size, etc. This can help to establish standards for those produce.
- **Processing:** It is the stage where the farm products are transformed into consumable products. For example: paddy into rice processing.
- **Warehousing:** Warehousing is storing the products from production till its final consumption. This helps to preserve the products from spoil, contamination, etc.
- **Packaging:** Packaging of products is another essential function for easy handling,

preventing from deterioration, attracts customers, etc.

- **Distribution:** The last function performed in all marketing is distribution of products from the place of warehouse to retail outlet for final consumption.

Importance of Agricultural Marketing

- Break the vicious circle of poverty
- Optimum utilization of agricultural resources
- Enhance the standard of living
- Basis of employment opportunity
- Basis of industrial development
- Creation of utilization
- Basis of foreign trade
- Source of national revenue
- Create the environment for investment

Problems in agricultural marketing in developing countries

- **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:** The literacy rate of farmers in developing countries are comparably low than the developed countries. The farmers of developing countries may not have the updated knowledge of the market trend and activities. Hence they may unable to achieve the real price of their product.
- **Product Quantity:** In some places improper measuring of products are still in practice. This will result in loss for the farmers at the time of buying or selling of agro produce.
- **Functionaries Participation:** The functionaries in the marketing process hold a major share of profit in the form of commission.
- **Inadequate Storage Facility:** The inadequacy of storage facility may leads to unwanted wastage of products.

Recommendations

- Make arrangement for education and awareness program for rural farmers in order to improve their knowledge in improving agro produce and its marketing process. These programmes will help to educate the farmers in usage of quality inputs, online help for productivity improvement, etc.
- Implement the rural development program in fast track to develop the infrastructural facilities such as road facility, communication facility, electricity, etc., in rural areas. This will help for easy transportation of agro produce to the market place.
- Creation of direct contact network between the farmers and customers will help in reduce the so much functionaries involvement and also to reduce the unnecessary

brokerage or commission to the functionaries. This may increase the profit of the farmers. This can be possible by creating local outlets in villages.

- 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

There is an eminent need for the Agro-marketing initiatives to be large and organized. It has been observed that better and easy market access and efficient information flow can bring much desired market orientation of the production system. Indian agriculture, moving from commoditization to commercialization drives it towards market orientation. India can claim to have largest network of agro-business cooperatives in the world, engaging in performing manufacturing, procurement and marketing of agricultural produce. These have proven to occupy important place in our economy. The government must examine its policies and regulations with view to strength the marketing network and ensure that prices are being determined on competitive basis and markets are being manipulated. Using modern ICT can bring out better solutions as it can facilitate agricultural marketing functions and processes.

References

- Brithal, P. S., Jha, A. K., & Singh, H. (2007). Linking farmers to market for high value agricultural commodities. *Agricultural Economics Research Review*, 20(conference issue), 425-439.
- Godara, R. (2006). Rural job opportunities agribusiness centres – some realities. *Kurukshetra*, March, 14- 17.
- Kashyap, P., & Raut, S. (2006). The rural marketing book. Biztantra, New Delhi, India.
- Pathak, N. (2009). Contribution of agriculture to the development of Indian economy. *The Journal of Indian Management and strategy*, 14(1), 52-57.
- Tripathi, A., & Prasad, A. R. (2009). Agricultural development in India since in determinants: a study on progress, progress, performance and determinants. *Journal of Emerging Knowledge on Emerging Markets*, 1(1), 63-92.