Agricultural Marketing - Issues and Solutions

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Agriculture, in the broadest sense, means growing or raising crops and livestock. Marketing is a series of activities involved in moving the goods from the point of production to the point of consumption. It includes all the activities involved in the creation of time, place, form and possession utility. The study of agricultural marketing comprises all the operations, and the agencies conducting them, involved in the movement off arm-produced foods, raw materials and their derivatives. Agricultural marketing in a broader sense is concerned with the marketing of farm products produced by farmers, the marketing of farm inputs required by farmers in the production of farm products. (Acharya and Agarwal Book).

India is an agricultural country and one third population depends on the agricultural sector directly or indirectly. Agriculture remains as the main stray of the Indian economy since times in memorial.

In India, there are several central government organisations, who are involved in agricultural marketing like, Commission for Agricultural Costs and Prices, Food Corporation of India, Cotton Corporation of India, Jute Corporation of India, etc. There are also specialised marketing bodies for rubber, tea, coffee, tobacco, spices and vegetables.

Problems of agricultural marketing in India includes too many intermediates, defective weight and scale, illiteracy and lack of unity, lack of storage, transportation facilities, lack of financial resources, lack of organized marketing system, lack of standardization, lack of awareness of market, distress sale, corrupt policies of mandi, lack of market intelligence, poor quality of product and market news etc. Eliminating middle men, storage facility, freedom from money lenders, adequate transportation facility, loan facilities and training facilities etc. are some conditions which are required for satisfactory development of agricultural marketing.
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| • Predominantly marginal or small farmers  
• Small quantities of marketable surplus & limited bargaining power | ➢ Aggregation of produce needed for value addition & bargaining power  
➢ Farmers to have better market access through SHGs, Cooperatives, and FPCs etc.  
➢ Aggregation/Collection/Value Addition Centre have to be set up near farm gate. |
| • Poor availability of markets & monopolistic tendencies of APMCs | ➢ Amendments in State APMR Acts to allow & facilitate alternate channels of marketing with an open choice to farmers  
➢ Direct marketing, farmers’ markets, contract farming, private markets, modern terminal markets, e-trading, etc. |
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<td>• Inadequate infrastructure in wholesale markets/ rural primary markets</td>
<td>➢ Modernization of existing markets with public investment or through PPP &amp; facilitating setting up of modern private markets</td>
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| • Lack of fair price discovery mechanism | ➢ Providing facilities for electronic auction in wholesale markets  
➢ Setting up of e-trading platforms (both futures & spot) and  
➢ Mitigating price risk through contract farming. |
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<td>• Multiple and exploitative intermediaries - low returns&lt;br&gt;• Fragmented supply chain, poor cold chain &amp; high post-harvest losses</td>
<td>➢ Encouragement to shortening of supply chain/ vertical integration through direct marketing, organized retail chain&lt;br&gt; ➢ Incentives to integrated cold chain infrastructure with an end to end approach (Terminal Market Complexes).</td>
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<td>• Lack of cleaning, grading, packaging &amp; quality certification facilities</td>
<td>➢ Promotion of aggregation/ consolidation in various ways&lt;br&gt; ➢ Incentive to grading &amp; quality assurance infrastructure&lt;br&gt; ➢ Creation of awareness about quality &amp; food Safety standards.</td>
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<td>Limited access to market information and marketing opportunities available</td>
<td>➢ Enriching Marketing Information Network, strengthen market intelligence delivery under PPP&lt;br&gt; ➢ Activation of Common Service Centres (CSCs) in villages for easy access to information.</td>
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<td>• Multiple agencies involved in quality confirmation &amp; regulation of exports</td>
<td>➢ Creation of single window quality confirmation (Food Safety &amp; Standards Law already in place)&lt;br&gt; ➢ Single window export clearance systems (APEDA Law amended).</td>
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Various alternatives envisaged in Reforms to address above mentioned Issues

- Establishment of Private Markets
- Direct Marketing
- Contract Farming
- Marketing through Farmer Producer Companies
- Setting up of Terminal Markets
- Forward and Futures Market
- e-Commerce
- Negotiable warehouse receipt system

Conclusions-

In India, there are four systems of agricultural marketing like sale in village, sale in mandi, sale in market and cooperative marketing. In agricultural marketing transportation cost, inadequate market infrastructure, lack of market information, lack of processing units, storage facility, price fluctuation are the major problems. Eliminating middlemen, enough storage facility, freedom from moneylenders, adequate transportation facilities, availability of loan and training facilities etc. are required for satisfactory agricultural marketing, the crop insurance and technical guidance should be provided for improvement in agricultural marketing in India. Among all these problems, transportation charges are concerned as a major problem by the maximum number of farmers.

Reference:-