

## AGRICULTURAL MARKETING IN INDIA: PROSPECTS AND CHALLENGES

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### ABSTRACT

*Agriculture is the backbone of Indian economy as the economic development of this country is very much relied upon the agricultural activities. Agriculture provides not only food for the nation's population but also provides opportunities for employment generation, saving, contribution to industrial goods market and earning foreign exchange. Marketing of agricultural products means a series of activities involved in the movement of agricultural produces from the point of production to the point of consumption. Agriculture production system in India is characterized by small scale production and seasonality of production and demand and many more. This paper is an attempt to identify various problems faced by the Indian agricultural sector with solutions done by the government till today and still to do.*

**KEYWORDS:** *Agriculture, Agricultural Marketing, Economic Development.*

### Introduction

- **Meaning of "Agriculture"** Agriculture is the science and practice of activities relating to production, processing, marketing, distribution, utilization, and trade of food, feed and fiber. This definition implies that agricultural development strategy must address not only farmers but also those in marketing, trade, processing, and agri-business.
- **Meaning of "Marketing"** Marketing system is the critical link between farm production sector on the one hand and nonfarm sector, industry, and urban economy on the other. Besides the physical and facilitating functions of transferring the goods from producers to consumers, the marketing system also performs the function of discovering the prices at different stages of marketing and transmitting the price signals in the marketing chain.
- **Meaning of "Agricultural Marketing"** The Indian council of Agricultural Research defined involvement of three important functions, namely (a) assembling (concentration) (b) preparation for consumption (processing) and (c) distribution.

Agricultural marketing involves in its simplest form the buying and selling of agricultural produce. In modern marketing, agricultural produce has to undergo a series of transfers or exchanges from one hand to another before it finally reaches the consumer. Agricultural marketing covers the services involved in moving an agricultural product from the farm to the consumer.

### Objectives of the Study

- To identify the major problems of agricultural marketing.
- To highlight the role of government for the development of agricultural marketing.
- To provide suggestions for their improvement.

### Review of Literature

In recent years, there has been considerable research related to the agricultural marketing. The papers, however, mostly deal with problems, challenges and development of and the government initiatives toward agricultural marketing. The paper on Raising Agricultural Productivity and Making

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Farming Remunerative for farmers (2015) done by National Institution for Transforming India (NITI) Aayog, Government of India concentrates on a select but important set of policy issues confronting Indian agriculture to come up with recommendations that would help bring about a second Green Revolution in India and sustain robust growth in agriculture. Five such issues have been chosen: measures necessary to raise productivity, policies ensuring remunerative prices for farmers, reforms necessary in the area of land leasing and titles, a mechanism to bring quick relief to hit by natural disasters, and initiatives necessary to spread Green Revolution to eastern states

**K Nirmal Ravi Kumar (2014)** in his book he has given detailed information about agricultural marketing in India. He discussed about the major problems involved in the practices of agricultural policies and strategies. Along with this, the role of government for agricultural development is also provided.

**Kashyap and Raut (2006)** in their paper discussed the various challenges typical of the rural environment such as physical distribution, channel management promotion and communication. To overcome these challenges, marketers need to be equipped with technology based system like e-marketing. The “anytimeanywhere” advantage of e-marketing leads to efficient price discovery, offers economy of transaction for trading and more transparent and competitive setting.

#### **Problem Areas in Agricultural Marketing**

- **Small and Scattered Holding:** Farmers having small and scattered holdings are found in Indian agricultural system. Thus, the cost of producing and transporting agricultural produce increases and the marketing margin decreases.
- **Lack of Warehousing and Storage Facilities (cold storage or otherwise):** Farmers have to sell out their produce as soon as it is ready because there is a lack of adequate number of warehousing and storage facilities in India. It results in getting poor prices by the farmers. Most of the existing storage facilities are having very poor quality (are in very poor condition) which also affects the quality of the agricultural produce.
- **Lack of Transportation Facilities:** Agricultural sector is affected mostly by lack of transport facilities which includes all weather roads, appropriate transport vehicles for transporting perishable goods and lack of linkage roads to mandis. Due to this, a chunk of money is expanded over transportation costs.
- **Lack of Agricultural Credit Facilities:** Lack of availability of cheap credit facility and high dependence on informal credit channel has affected the expansion and modernization of agricultural productivity. Due to rigid norms of banking sector, farmers are forced to borrow money from moneylenders at a very high rate of interest. They use to sell their produce at the earliest to repay the amount taken from moneylenders to avoid heavy interest charge.
- **Lack of Market Information:** Generally, in rural areas there is unavailability of proper infrastructure. Many villages are still out of the reach of Information and Communication Technology. Due to this, farmers are unaware of the present and future prices of their produces prevailing in big markets. Thus; they have to accept any price for their produce offered by middlemen.
- **Inadequate Research on Marketing:** All the efforts of the government are directed towards maximizing the agricultural production but less emphasis has been given on the conduction of new researches for developing new marketing, storage, warehousing and preservation techniques. There is also need for research on consumer demands and preferences, handling and packaging.
- **Lack of Farmers’ Organization:** In India, the farmers are in scattered form and they use to sell their produces individually. This results in distribution of small amount of agricultural produces with high cost of transportation. Along with this, farmers have not any authorized body to guide and protect their businesses. On the other hand, traders are in organized form which enables the more powerful to bargain over prices. Under such situations, farmers will be generally exploited and do not get remunerative prices for their produce.

#### **Suggestions for Improvement in Agricultural Marketing**

- **More Investment in Market Research and Surveys:** To market the agricultural marketing more effective it is required to conduct marketing research in the field of agriculture on regular basis. This involves huge amount to conduct marketing research to get the real and effective

solutions for agricultural problems. For this, the government should allocate sufficient amount for marketing research and survey.

- **Dissemination of Marketing Information:** The government has made various efforts to provide marketing information to the farmers relating to market trends, market price, consumer behavior, technical equipment, etc. This information should be provided to the farmers in time so that they can use this information for improving their performance in agricultural marketing.
- **Establishment of Regulated Market:** The govt. of India has established number of regulated markets in all over India. But it is insufficient to serve large number of population of the country.
- **Storage and Warehousing Facilities:** The Government should extent and Construct additional storage and warehousing facilities and improve their features to improve and retain the qualities of agricultural produce of the farmers. The government should provide loan facilities to the farmers for storage facilities.
- **Improvement and Extension of Transportation Facilities:** It is suggested that the government should make investment for the improvement and extension of roads and transportation facilities for connecting the villages with mandis. This will help the farmers to sell their produce to the customers directly, i.e. without taking the services of number of intermediaries.

### Conclusion

In India farmers are facing lots of problems weather it would be created by nature or by manmade. It will take much time to solve their problems. Every year in budget, government sanctions huge funds and formulates various policies and programs for the purpose of developing agriculture sector in India. In the recent year, Government has established a Price Stabilization Fund for Cereals and Vegetables of Rs.500 crore in order to reduce price volatility in perishable agricultural commodities (onions, potatoes & tomatoes etc.). With the setting up of this Price Stabilization Fund, farmers will be able to get fair price for their produce while consumer would be able to purchase the same at affordable prices. Along with this, an agri-tech infrastructure fund has been proposed to create a common e-marketing platform for agri-commodities in the Agriculture Produce Marketing Committees (APMCs) in the State, as a first step towards creation of a national market. On the other hand, Government is in the process of developing an Insurance product which could ensure farmers against both yield loss and price fluctuations.

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