

Defects of Agricultural Marketing in India and their Remedial Measures

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ABSTRACT

Agricultural marketing refers to all those processes which relate to taking the agricultural product from the farmers to the consumers. Agricultural marketing includes gathering the agricultural produce their standardization and grading, their storage, sending them to the market through various middlemen, selling in the market and arranging the required finance etc. The institution of regulated markets set up to strengthen and develop agricultural marketing in the country has achieved limited success in view of the existing conditions as described above, it is felt urgent reforms are needed in agricultural marketing. With a view to reform agricultural marketing the government has introduced the electronic National agriculture market which will provide farmers a choice to bring his produce to the local mandi or to become a bigger player by seeking online buyers (Traders) operating in other markets.

INTRODUCTION

The marketing of farm products is a matter of great interest to the farmer, the consumer and the middleman. To farmer, it provides the channel of communication between him and the society and gives him continuous information about demands for his products. The consumer views it as a means of living of the people by satisfying the multitude of needs and desires of consumers. The middleman depends upon it for livelihood. These diverse interests lead the farmer to seek a high-priced market for farm products, the consumer a low-priced market and the middleman, a margin between the farm price and consumer's price that will amply reward him for his services.

Marketing is as critical of better performance in agriculture as farming itself and should be treated with equal care. It is marketing which helps making goods useful to the society by getting them where they are wanted, when they are wanted and by transferring them these people who want them. Marketing in this sense has been defined as "all the activities involved in the creation of place, time and possession utilities". To emphasise all these aspects of marketing, Clark and Clark wrote that, "Marketing consists of those efforts which effect transfer in ownership of goods and care for their physical distribution".

According to Richard Kohls, "Marketing is the performance of all business activities involved in the flow of goods and services from the point of initial agricultural production until they are in the hands of the ultimate consumer.

Inadequate Storage and Warehousing Facilities:

The average Indian farmer does not have adequate storage facilities. Moreover, there is no satisfactory warehousing facility in the market. For these two reasons the farmer has to sell his produce immediately after the harvest. He cannot wait to obtain better prices in the future. Moreover, due to lack of storage facilities, farmers are unable to obtain loans from co-operative marketing societies or even commercial banks against the security of the stored output.

Lack of Adequate Transport Facilities:

India's railroad network is grossly inadequate compared to its needs. There are hardly 2.8 km of rail track per 100 square km area in India. The condition in rural areas is even worse. The road conditions in rural areas are really very bad. Even the rich cultivators, having surplus to dispose off, are often not interested in going to the mandis. Most rural roads are unmetalled and cannot be used during the monsoon season.

Lack of information:

The market for agricultural products in India is not perfectly competitive in the sense that the farmers do not usually get adequate information about the price that prevail in the big and organised markets. Due to the lack of communication facilities, market prices rarely reach the farmers. Instead, lack of market information causes variations in market prices. Daily prices of some essential commodities are no doubt made by public A.I.R and T.V., but the number of radio sets and T.V. in rural areas is very small.

A long Chain of Intermediaries:

The number of middlemen and intermediaries between the farmer and the final consumer of most agricultural commodities is very large. Therefore, the total margin going to the traders is quite a large part of the market price. Some of them, such as the dalals, hardly perform any economic function. So, the farmers hardly get anything compared to the effort put and expenses incurred. According to Mukherjee, the system of agricultural marketing in India is saddled with a long chain of middlemen and the remuneration for their services, increase load on the consumer, although the producer does not derive similar benefit”.

Debt Obligation and Distress Sales: -

Finally, the average farmer is almost always in dept. So he cannot wait after the harvest so as to obtain better prices in future. He has to make distress sales to the moneylender or the trader immediately after the harvest, for clearing his debt. So the main point is that the farmer has to sell his products in the wrong time, at a wrong place and at an unfavorable price. As a result his revenue falls

Unethical Practices:

Many fraudulent practices are observed in rural markets. The entire method of transaction is against the interest of the farmer. In the mandis, the farmer has to approach a broker (a dalal) to be able to dispose of his produce to the arhitiya. These two intermediates often use code words to settle the price under cover and not in open. Although they act for both the buyer and the seller, they serve the interest of the buyer than that of the seller by forming collusion with the arhitiya.

Multiplicity of Charges:

A related point may be noted in this context. There is multiplicity of charges on the seller. Some of these are legitimate such as commission, carriage and weightment, while others are not (such as charges for the arhitiya buyers' servants and apprentices, charity, religious festival and so on). In each case, the seller has to pay more than the buyer.

The following measures are suggested to remove the defects of Agricultural marketing-

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Cooperative Marketing Societies:

There is need to set up such societies. Some progress been achieved in this direction. In India, the co operative marketing structure consisted of more than 7,000 co-operative marketing societies during 1999-00, covering all important agricultural markets in the country. The total value of agricultural produce marketed by co-operatives amounted to Rs. 22,500 crores in 1999-00, as against Rs.169 crores in 1960-61.

Storage Facilities:

An extension of storage facilities at the farm land and Storage and Warehousing Corporation, with a view to constructing and managing a whole network of warehouses in all towns and mandis.

Regulated Markets:

Regulated markets may be established with a view to eliminating unhealthy and unethical trade practices and reducing various marketing charges with a view benefitting the poor cultivator. Quite recently, numerous regulated markets have been set up in various States to safeguard the interest of the farmers.

Expansion of Market Yards:

This is a vital necessity. This must be supported by a corresponding expansion of ancillary facilities in the various existing markets and setting of market yards.

The Government has introduced the electronic National Agriculture Market to move away from the exploitative market structure. Only, the States will have to work in unison with Unified National market for agricultural commodities. It will provide farmer.

Provide a choice to bring his produce to the local mandi or to become a bigger player by seeking online buyers (traders) operating in other markets. NAM is envisaged as a starting point for far reaching reforms in the agriculture sector.

Thus NAM offers a wider market. Bulk buyers, private players, processors, exporters etc. will be able to do direct trading at local mandi level. The integration of all mandis of the States into NAM will ensure common procedures for issuance of licenses, levy of transaction fee and free movement of produce. Gradually, it is expected that farmers will get remunerative price for their produce and will not have to wait for payment.