

A Study on Agricultural Marketing Services in India

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ABSTRACT

India is an agricultural country and one third population depends on the agricultural sector directly or indirectly. Agriculture remains as the main stay of the Indian economy since times immemorial. Indian agriculture contribution to the national gross domestic product (GDP) is about 25 per cent. With food being the crowning need of mankind, much emphasis has been on commercializing agricultural production. For this reason, adequate production and even distribution of food has of late become a high priority global concern.. The government started controlling agricultural marketing especially the food grains in India in 1939 at the outbreak of the Second World War. A committee was set up to explore the reasons for the Bengal Famine in 1943, it concluded that the famine was due to the failure of the food grain distribution system and not due to the shortage of food grains in India as a whole. Agricultural marketing is mainly the buying and selling of agricultural products. In earlier days when the village economy was more or less self-sufficient the marketing of agricultural products presented no difficulty as the farmer sold his produce to the consumer on a cash or barter basis.

1. INTRODUCTION

Today's agricultural marketing has to undergo a series of exchanges or transfers from one person to another before it reaches the consumer. There are three marketing functions involved in this, i.e., assembling, preparation for consumption and distribution. Selling on any agricultural produce depends on some couple of factors like the demand of the product at that time, availability of storage etc. The products may be sold directly in the market or it may be stored locally for the time being. Moreover, it may be sold as it is gathered from the field or it may be cleaned, graded and processed by the farmer or the merchant of the village. Sometime processing is done because consumers want it, or sometimes to conserve the quality of that product. The task of distribution system is to match the supply with the existing demand by whole selling and retailing in various points of different markets like primary, secondary or terminal markets. Most of the agricultural products in India are sold by farmers in the private sector to moneylenders (to whom the farmer may be indebted) or to village traders. Products are sold in various ways

In India, there are several central government organisations, who are involved in agricultural marketing like, Commission of 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. Under the Agricultural Produce (grading and marketing) Act of 1937, more than forty primary commodities are compulsorily graded for export and voluntarily graded for internal consumption. Although the regulation of commodity markets is a function of state government, the directorate of marketing and inspection provides marketing and inspection services and financial aid down to the village level to help set up commodity grading centers in selected markets.

DIRECTORATE OF MARKETING & INSPECTION (DMI)

It is an extension of Department of Agricultural and Cooperation, Ministry of Agriculture, Government of India; The Directorate provides consultancy and technical services to prospective entrepreneurs in construction, maintenance and operation of cold storages. The DMI acts as a nodal agency to promote cold storages in the country by coordinating Research & Development in cold storage, facilitate collection and dissemination of information related to better price realization by the farmers, to sensitize and orient farmers to new challenges in agricultural marketing by using ICT as a vehicle of extension, to improve efficiency in agricultural marketing through regular training and extension for reaching region specific farmers in their own languages, to provide assistance for marketing research to generate marketing information for its dissemination to farmers and other market functionaries to create an ambience of good marketing practices in the country. The network covers market related information, infrastructure related information, price related information and promotion related information.

AGRICULTURAL & PROCESSED FOOD PRODUCTS

The Agricultural and Processed Food Products Export Development Authority (APEDA) was established by the Government of India under the Agricultural and Processed Food Products Export Development in December, 1985. It is another organization that is related to agricultural trade in India. A Trade portal on Agriculture Exchange exists, where online trading is done, in its stride, joint collaboration of United Nations Conference on Trade and Development (UNCTAD) and Ministry of Agriculture has given the portal a shape. Globally buyers and sellers in the agribusiness world has been given a platform to offer negotiate and perform a deal. Apart from this, it has been loaded with latest information of 550 products related to APEDA and the World. Agri exchange thrives to provide information matching the needs of the stakeholders of the agricultural economy in general and agricultural commodities trade in particular. The only vision is to cater the Agri business community and see them growing day and day by taking the benefit of the portal. APEDA is authorized with the accountability of export endorsement and development of the following listed products: Fruits, Vegetables and their Products, Meat and Meat Products, Poultry and Poultry Products, Dairy Products, Confectionery, Biscuits and Bakery Products, Honey, Jaggery and Sugar Products, Cocoa and its products, chocolates of all kinds, Alcoholic and Non-Alcoholic Beverages, Cereal and Cereal Products, Groundnuts, Peanuts and Walnuts, Pickles, Papads and Chutneys, Guar Gum, Floriculture and Floriculture Products and Herbal and Medicinal Plants. In addition to this, APEDA has been delegated with the responsibility to scrutinize import of sugar.

NATIONAL COOPERATIVE DEVELOPMENT CORPORATION (NCDC)

The National Cooperative Development Corporation (NCDC) was established in 1963 as a statutory Corporation under the Ministry of Agriculture. Planning, promoting and financing programmes for production, processing, marketing, storage, export and import of agricultural produce, food stuffs, certain other notified commodities e.g. fertilizers, insecticides, agricultural machinery, soap, kerosene oil, textile, rubber etc., supply of consumer goods and collection, processing, marketing, storage and export of minor forest produce through cooperatives, besides income generating stream of activities such as poultry, dairy, fishery, sericulture, handloom etc. NCDC Act has been further amended which will broad base the area of operation of the Corporation to assist different types of cooperatives and to expand its financial base. NCDC is now

be able to finance projects in the rural industrial cooperative sectors and for certain notified services in rural areas like water conservation, irrigation and micro irrigation, agri-insurance, agro-credit, rural sanitation, animal health, etc. Loans and grants are advanced to state governments for financing primary and secondary level cooperative societies and direct to the national level and other societies having objects extending beyond one State.

NATIONAL AGRICULTURAL COOPERATIVE MARKETING FEDERATION (NAFED)

NAFED was established 1958. NAFED is registered under the Multi State Co-operative Societies Act. NAFED was setup with the object to promote Co-operative marketing of Agricultural Produce to benefit the farmers. Agricultural farmers are the main members of NAFED. The objectives of the NAFED are to organize, promote and develop marketing, processing and storage of agricultural, horticultural and forest produce, distribution of agricultural machinery, implements and other inputs, undertake inter-State, import and export trade, wholesale or retail as the case may be and to act and assist for technical advice in agricultural production for the promotion and the working of its members and cooperative marketing, processing and supply societies in India. Domestic operations of NAFED mainly comprise of outright business, joint venture business with member federation/societies, agency & consignment business and implementation of price support scheme/market intervention scheme of the government of India. NAFED helps farmers by procuring their produce like foodgrains, pulses, oilseeds, spices, cotton, tribal produce, jute & jute products, eggs, fresh fruits & vegetables through the established cooperative network all over the country with active involvement marketing societies at mandi level. NAFED also serves the consumers' interests through supply of various essential items, such as, onions, potatoes, eggs etc. during scarce marketing situation or when the prices of such commodities rise abnormally. Presently, NAFED is running five retail outlets in Delhi and two in Shimla in the name and style "NAFED BAZAAR". NAFED initiated Future Trading activities in several agricultural commodities viz. Rubber, Pepper, Turmeric, Chillies, Soyabean, Mustard seed, Mntha, Potato, Jeera etc. NAFED also undertakes procurement and marketing of agricultural commodities in joint venture with states Cooperative Marketing Federations/ Marketing Cooperative Societies.

AGRICULTURE PRODUCE MARKETING COMMITTEE (APMC)

Regulated markets are established as per the provisions of the 'Agricultural Produce marketing Committee Acts' (APMC Act) of state Government. The royal commission on agriculture 1928 studied the problem and suggested beginning with the regulated markets and consequently various market committees were incorporated in different states. These regulated markets function under the market committees as per the regulations in the APMC act. Most of the wholesale markets and some of the rural primary markets have been brought under the regulation. Many of the regulated wholesale markets have a principal markets with large area and comparatively better infrastructure and number of sub yards attached to the principal market. The organization of these regulated markets has helped in creating orderly and apparent marketing conditions. There were a meager 286 regulated market yards at the time of independence and it increased to more than 7249 in 2011. These consist of more than 2433 principal markets and 4816 sub yards.

STATE WAREHOUSING CORPORATIONS (SWC)

Different States have set up their own warehouses in the country called State Warehousing Corporations (SWC) in district places of the State. The total share capital of the SWC is

contributed equally by the Central Warehousing Corporation and concerned State Government.. Scientific storage and handling services for more than 400 commodities include Agricultural produce, Industrial raw-materials, finished goods and variety of hygroscopic and perishable items. Scientific Storage Facilities for more than 200 commodities including hygroscopic and perishable items through network of 468 warehouses in India with its 5,492 trained personnel, Import and Export Warehousing facilities at its 36 Container Freight Stations in ports and inland stations, Bonded Warehousing facilities, Disinfestation services, Handling, Transportation & Storage of Containers.

DIRECTOR GENERAL OF FOREIGN TRADE (DGFT)

The Scheme is administered by Department of Commerce. The objective of scheme is to establish a mechanism for involving the State Governments to participate in funding of infrastructure critical for growth of exports by providing export performance linked financial assistance to them. Under Market Initiative Scheme (MAI) scheme, financial assistance is provided for export promotion activities on focus country, focus product basis. Financial assistance is available for Export Promotion Councils (EPCs), Industry and Trade Associations (ITAs), Agencies of State Government, Indian Commercial Missions (ICMs) abroad and other national level institutions/eligible entities as may be notified. Special agriculture and village industry scheme has been implemented called Vishesh Krishi and Gram Udyog Yojana (VKGUY), the objective of VKGUY is to promote exports of agricultural produce and their value added products, Minor Forest Produce and their value added variants, Gram Udyog Products, Forest Based Products and Other Products, as notified from time to time

ALTERNATIVE SYSTEMS OF MARKETING

Besides the above systems there are some optional and well organized systems of agricultural marketing in India, Some of these are: Cotton Corporation of India (CCI), Jute Corporation of India (JCI), State Trading Corporation (STC), Commodity Boards – Tea, Coffee, Cardamom, Rubber, Tobacco, Spices, Areca nut, Dairy Products etc., Commission for Agricultural Costs and Prices (CACP), Commodities Export Councils. Special Commodities Marketing Societies (Sugarcane, Cotton, Oilseeds, Milk etc.), Cotton Processing and Ginning Societies, Fruits and Vegetables Preservation Societies, Oilseeds Processing Societies, SugarcaneCrushing Societies, Milk Processing and Chilling Societies, Tribal Cooperative Marketing Federation. Further there are some innovative agricultural marketing services prevailing in India, these are briefly described below.

DIRECT MARKETING

Direct marketing is an innovative concept, which involves marketing of produce i.e. paddy/rice by the farmers directly to the consumers/millers without any middlemen. Direct marketing by farmers to the consumers has been experimented in the country through Apni Mandis in Punjab and Haryana and Rythu Bazaars in Andhra Pradesh. Farmers can take advantage of these markets by selling directly through these facilities.

CONTRACT MARKETING

The Contract marketing is a system of marketing in which the commodity is marketed by farmers under a pre-agreed buy-back contract with an agency engaged in trading or processing. In contract marketing, a producer will produce and deliver to the contractor, a quantum of required quality of produce, based upon anticipated yield and contracted acreage, at a preagreed price. In this agreement, agency contributes input supply and renders technical guidance. The company also bears the entire cost of transaction and marketing. In the wake of economic liberalization, the national and multinational companies are selectively entering into contract marketing of agricultural produce. KISAN CALL CENTRES Implemented by Department of Agriculture and Cooperation, Government of India, A call centre based extension service deliver knowledge and information exactly as per the requirements of the farming community. The Kisan Call Centre scheme is available over the complete country. The Kisan Call Centre scheme has been functioning from 21.1.04. The Call Centres can be accessed by farmers all over the country on common Toll Free Number 1551. Since 10th June, 2004 the Call Centres service has been made available right from 6 A.M. to 10 P.M. The Department of Agriculture and Cooperation is working on schemes to use both MassMedia and telecom network for the delivery of extension services, a call centre based extension service will be delivering knowledge and information exactly as per the requirements of the farming community. The objective of the scheme has been to make agriculture knowledge available at free of cost to the farmers as and when desired. The location is immaterial as the calls can originate from any village to land at a specific call centre and a specific seat which would be answered by an agriculture graduate knowing the local language and having an understanding of the local agricultural issues.

FORWARD & FUTURES MARKETS

Forward trading means an agreement or a contract between seller and purchaser, for a certain kind and quantity of a commodity for making delivery at a specified future time, at contracted price. The Forward Markets Commission (FMC) performs the functions of advisory, monitoring, supervision and regulation in future and forward trading. Specific delivery contracts are again of two types

- Transferable Specific Delivery contracts (TSD) and
- Non-Transferable Specific Delivery contracts (NTSD)

RURAL GODOWNS

The main objectives of Rural Godowns Scheme are: i) to prevent distress sale of foodgrains and other agricultural commodities immediately after harvest.

- ii) to reduce quantity and quality losses arising from sub-standard storage,
- iii) to reduce pressure on transport system in the post-harvest period.
- iv) to help the farmers in getting pledge loans against the stored produce.

MANAGERIAL IMPLICATIONS

The defections in the Indian agricultural marketing can be removed by providing both the forward and backward linkages to integrate agriculture, especially the marketing organizations and institutions must be integrated and coordinated to make the essential marketing services available not only to farmer but to the consumer also. Conflicting goals of farmers (who want higher prices) and consumers (who want cheap food), must be efficiently met. The producer must have ease and accessibility to the market for selling his produce; he must have sufficient information flow about

the market Producer must also be free to choose the market to sell the produce according to his convenience. There should be encouragement in following more liberal policies in food grain management, policies that dovetail international trade with domestic market reforms allowing greater role of private sector in an open economy environment. Social mobilization, community participation and decentralized approach are necessary to make the market available at low cost to the farmer community. Private trade in agricultural commodities must be enforced. Moreover there should be an agricultural marketing awareness program, which should have a reach to whole of the country.

2. CONCLUSION

India has become self -sufficient in the agricultural production especially in the food grains, India stands among the top agricultural producing nations of the world today. No doubt India is an exporter of various agricultural commodities but there are some constraints in agricultural marketing. institute and organizations providing agricultural assistance in India at large, still much of the agricultural produce is getting spoiled due to inefficient storage facilities, overtime delivery and mismanagement. So much more is needed as; India has huge potential for agricultural production, because it has a wide geographical range. As most of the rural people in India are engaged in agriculture and its allied activities, more and more provisions must be made available to integrate the marketing systems for agriculture, which must be available all over the country.

3. REFERENCE

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