Problems and Solutions of Agricultural Marketing

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Abstract:
Marketing of agricultural products has to face a number of problems. Fundamentally, agricultural goods are perishable in nature. They need immediate sale of goods. The entire economic development of any country is dependent upon sufficient agricultural production. The agricultural commodities are required by consumers, industries and exports. Agriculture is dependent upon the vagaries of monsoons and automatically the agricultural productions are irregular, insufficient and uncertain. Agricultural marketing poses different problems. This paper discusses about the various problems and solutions for Agricultural Marketing.

Keywords: - Marketing, Immediate, Commodities, Consumers, Monsoons.

Introduction:
Agricultural marketing comprises all the operations in the movement of food and raw materials from the place of production to the place of sale of goods. This may require a study of production, processing, storing, grading, etc., of various commodities. Normally, commodity approach is to study the problems of marketing. Agricultural goods marketing are divided into three heads. Sale to consumers, sale to industries and sale to exporters. The farmers approach the merchant middlemen or agent-middlemen for the immediate sale of goods.

Classification of Agricultural Products:
Agricultural commodities are grouped into two categories; (i) raw materials needed to industries; and (ii) food-grains demanded by consumers.

Industrial raw-materials are to go through a number of processes. Sugarcane, oil-seeds, cotton, jute, woollen, silk, Tobacco etc are known as processing industries. The basic agricultural raw-materials are converted into consumer goods after a long time.
Even food-grains are required to go through processes for a short-period. Jowar, Paddy, wheat, etc. need a short-period for making them to sell to the ultimate consumers. Some industrial raw-materials may also be used for consumption.

The classification of agricultural goods into industrial raw-materials and consumer needs may become necessary to study the peculiar features of the products in the market. The demand of the public for consumers’ goods for consumption is inelastic but this is not the case, in case of industrial raw material it is still more unfortunate that as the matter stands at present so many of these people are right.
Other kinds of malpractices are hording, charging of unnecessary market charges, etc. Prices are decided by the dealers.

Biological Industry: Agriculture, in its wider sense, including animal husbandry, is a biological industry in which things go according to the laws of nature. The trees take their own time to grow,
flower and to bear fruit. The farm animals take their own time to mature. The farmers cannot guarantee about the yield per acre. The mango-flowering may be excellent, but storm may spoil the crop. Unexpected rain may spoil a bumper tobacco crop.

**Operation of Law of Diminishing Returns:** The Law of Diminishing Returns operates more than industrial operations. Investment of capital cannot be supported by balanced returns.

**A Way of Life:** Agriculture is not a commercial occupation but a way of life and a means of livelihood. This is mainly on account of uneconomic holdings and traditional inefficient methods of cultivation.

**Defects of Marketing of Agricultural Produce:**

Though, agriculture is the main occupation in India, there is a number of defects in agricultural produce marketing. The defects are summarized as follows:

1. **Absence of Organization:** The Merchants in India are not uniform in agricultural marketing. Cultivators are illiterate and do not know the technique of earning much income over their expenses. Farmers do not know the city market operations. The merchants exploit farmers while purchasing the farm products.

2. **Forced Sales:** Farmers borrow from traders on the condition of selling their annual production to such traders. Farmers suffer from losses both by borrowing and selling. Traders charge higher rate of interest that banks. Higher rate of interest payment is the first loss. Secondly, they purchase agricultural produce from farmers at the lowest prices. City prices are high and farmers would have earned profits. Less prices charged by traders are the second loss to farmers.

3. **Number of Middlemen:** Number of middlemen play their malpractices with farmers. This long chain of middlemen cause higher prices to consumers and less return to farmers. There are 10 to 12 middlemen depending upon the nature of the product. They are village merchants, itinerant merchants, kachadalals, paccadalals, commission agents, wholesalers, retailers, etc. They function at various levels in the process of assembling and distribution of produce and reduce the income of farmers.

4. **Multiple Market Charges:** In the absence of statutory control, the farmers pay various market charges, such charges have become customary charges which differ from market to market. They are not properly defined or specified. They are not uniform even in the same market where buyers pay them. Middlemen charges both merchant middlemen and agent middlemen, packing charges, transport charges, hamali charges, weightment charges, etc. which are innumerable in number. Some deductions take place apart from heavy charges like karda charges.

5. **Mal-practice in the Market:** Mal-practices are the regular features of an agricultural produce market. They are as follows
   (i) No mission nor commission to settle the disputes.
   (ii) No standard weights and measurements.
   (iii) Excess free samples distribution without the consent of producers
   (iv) Sales under the table lead to exploitation.
   (v) Commission agent exploits the farmers.

6. **Sale of Ungraded Products:** Products of agriculture are not standardized nor graded the soil differs and so the quality of products differs. Water facilities, varieties of seeds, chemical, produce variety of quality of products. It cannot be possible to grade the produce.
7. **Adulteration:** Producers and middlemen mix-up the superior and inferior quality of products. Deliberate adulteration is resorted to by farmers and middlemen.

8. **Absence of market Information:** The efficient system of marketing implies a regular supply of accurate information with regard to prices ruling from time to time to the producer. The interpretation of market news in helpful in deciding or formulating business plans or policies regarding crops to be grown, the time to sell and to buy, the change of the market, etc. Hence, market news in helpful and important in regard to grades standards, etc.

9. **Absence of Storage:** There is a general dearth of storage facilities in rural and urban areas. Forced sales take place due to the absence of storage. Farmers are compelled to sell the produce at lower prices. The absence of storage cannot facilitate the farmers to get fresh credit for ensuing cultivation expenses.

10. **Absence of Transport:** Transport annihilates distance and creates nearest market contacts. The absence of transport facilities can force the produce at local markets at the lowest prices. Agricultural products are perishable in nature and they need immediate transfers with the help of transports. In some parts, transports are developed to some extent. They are costly and services are inefficient and insufficient. Inefficient transport systems delay and decay the produce.

11. **Absence of Finance:** The cultivator is financed by the village money-lenders who are refinanced by wholesalers or indigenous bankers. The producer does not hold the produce for long periods. He cannot take any processing activities. He is compelled to sell at low prices for his next expenses or for the repayment of old debt. He can be compelled to sell the produce at the available prices which may be the lowest. If financial facilities are available, the farmers can postpone his produce for sale.

12. **Absence of Uniform Weights and Measurements:** Multiplicity of weights and measurements is another obstacle of marketing. These weights and measurements differ from region to region but also from product to product in many places non-recognised iron pieces or stones are used as the measurements. The evils caused by this diversity are further aggravated by the exploitation of middlemen.

13. **Absence of Regulated Markets:** Absence of regulated markets, insufficient number and weak organization of co-operative societies created inconvenience to producers. Lack of research and marketing at promptness are also defects.

14. **Absence of Government Participation:** The Government is neutral in supplying marketing facilities. Government should abide with such responsibility to supply immediate market, decent prices, adequate finance, etc.

**Remedies to Remove Defects:**

In the planned economy of our country, orderly marketing will act as an incentive because agriculture is the backbone of our economy. To check and control the defects, some effective remedies should be introduced as early as possible. Marketing conditions should be improved to assure better prices to the producer. It is equally necessary to protect the freshness of the produce till the sales take place.

The Marketing Committee of UNO criticized in 1945 as follows. It would be useless to increase the output of food, it would be equally futile to set up optimum standards of nutrition, unless means could be found to move food from the producer to the consumer at a price which represents a fair remuneration to the producer and is within the consumer’s ability to pay. Similar
considerations also apply to other agricultural products”. Some suggestions are mentioned here to remove the defects of agricultural marketing as follows.

1. **Incorporation of Regulated Markets**: The defects and malpractices of dealers must be checked and controlled regulation of markets aims at promoting of orderly marketing and increasing the income of producers. The establishment of regulated markets can stimulate only legal and loyal marketing activities.

   Regulated markets can enforce certain legal conditions. It can provide a package of facilities to create adequate demand. The cultivators can collect expected returns at feasible price to sell the produce. From the help of regulated markets, the farmers can be facilitated with the availability of suitable chemical fertilizers, seeds, pesticides and agricultural equipments.

2. **Co-operative Marketing**: Co-operative marketing is an association of farmers formed to perform one or more of the marketing functions relating to the marketing of their produce. Co-operative associations buy and sell the products of member farmers. Co-operative marketing associations perform the services of selling agents, supply of accurate market information. Standardization, storage, assembling, packing and processing functions. Co-operative marketing is helpful to solve the problems of farmers.

3. **Availability of Credit Facilities**: Farmers can get full opportunities to dispose of their productions in open markets of cities at high prices. They should be given credit facilities for purchasing their seeds, fertilizers, etc. not by moneylenders but by institutions.

4. **Market Information**: Farmers should be given market information about the nature, tastes, fashions, demand of consumers and practices of competitors. The farmers can bring their products for sale where there is a demand for their products.

5. **Commercial Crops**: Agricultural products are insufficient to market. Even the annual products cannot suffice for consumption and therefore, surplus or excess production is not to be considered. Food grains are perishable and they need quick marketing whatever is the price-level. If agricultural productions are commercial crops like sugar-cane, tobacco, turmeric, cotton, etc. agricultural produce market may serve the purpose by contributing marketing functions.

6. **Storage Facilities**: People or Government fail to store agricultural products. If the price is less, production can be stored till the price is high. The storage can maintain and contain freshness of productions. They may be sold at high prices due to their freshness. Stale products cannot create demand nor expected prices.

7. **Transport Facilities**: The carriage of Products from the production centre to the sales centre must be carried in case transport facilities are available. Roads, Tracks should be properly constructed. Otherwise, transport systems cannot operate effectively. High prices are in city markets. Goods can be carried from the plenty centre to the scanty centre. The place utility can be derived from the transport system.

8. **Standard Weights and Measurements**: The government or respective state governments should fix-up standard weights and measurements. There should be reliable transactions between the dealers and bargainers. Dealers Should receive not deceive the customers by using defective measurements.

9. **Elimination of Middlemen**: Generally producers believe the middlemen and relieve them from the difficulties of selling. If the producers contact the consumers, producers can get many profits and consumers will get many benefits. The middlemen offer least price to farmers and sell at high prices
to consumers. Hence, both producers and distributors cannot get any expected facilities from middlemen.

10. **Education to Farmers:** Many mistake the innocence of cultivators who are uneducated. If the cultivators are educated, they cannot allow the malpractices in the market. They can claim increased prices. They can select the cropping patterns, rotations, double-crops or multiple crops to produce more to get more returns.

**Conclusion:**

The agricultural produce and its marketing is traditional. In recent times, some improvements are implemented but even then agricultural marketing is old and traditional from which least income is preserved. Agricultural marketing is yet based on old and antiquated systems. Number of defects, mal-practices and unwanted or unwarranted transactions are performed. However, in cities federal market organizations serve the farmers in the sale of produce and in the availability of decent price levels.

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