

Agricultural Marketing: New Approaches and Challenges

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Abstract:

Food security mainly concludes the aspects ease of access of proper quality food in proper time at reasonable price and at proper place. These require a proper mobilization of agricultural products across the country. The objectives of this study is to find out the new approaches initiated in the form of new policies, schemes, technologies etc. their achievements and the obstacles faced by them. The methodology of this study is based on secondary sources such as papers, reports, articles, journals and books etc. The government has put its keen interest to smoothen the pace of agricultural marketing as it is an important activity to accelerate the rural economy. In India, agricultural marketing is still facing various challenges in different aspects.

Keywords: Agricultural marketing, Agricultural products, APMCs. ISAM, e-NAM, Opportunities and Challenges.

I. Introduction:

Agriculture has been a big boon to provide a strong base for growth and development in Indian economy. Agriculture is related to Primary sector and the other sectors are relied on it directly or indirectly. For the sustainable economic development it needs time to time implementation of technological advancement in agriculture sector. In the developing countries with growing population it becomes more necessary. The geographical profile and demographical profile of India are very complex and these have always created opportunities and challenges too to the agriculture and allied activities in India. India is the second largest populated country in the world. It has been very fast growing. India's population is expected to rise from 121.1 crore to 152.2 crore during the period of 2011 to 2036. It will be resulted 25.7% increase in 25 years at the rate of 1.0% per annum. Most of the population in India reside in villages and their basic economic activities are mainly related to agriculture and allied activities. Agriculture is their main source of income. With the change in life expectancy and other technological and environmental change, it becomes more necessary to develop and to provide advanced marketing channels to agricultural products. The government has initiated various infrastructural development in rural areas. Road construction plays a very important role to connect villages to the cities. Internet infrastructure has provided the medium of easily connectivity with the consumers. The proper mobilization of agricultural product from farm sector to non farm sector has been an important issue for the farmers and the government. The government has formulated various policies and has introduced various reforms to enhance farmers income by way of providing reasonable prices and other related legal reforms. The government has initiated Integrated Scheme for Agricultural Marketing (ISAM), National Agriculture Market (e-NAM), Agriculture Marketing bills and amendments.

II. Research Methodology:

The study is based on information and data collected through secondary sources as various journals, newspapers, reports, preceding papers, books and websites etc. The research methodology of the study is descriptive-analytical research methodology.

Objectives of the study:

- To explain the concept of agricultural marketing.
- To study the recent approaches in agricultural marketing.
- To study the various challenges faced by agriculture marketing in India.
- To study the new scope for agricultural marketing in India.

Agricultural Marketing and agricultural products:

Agricultural marketing is related to all the activities involved in the transporting of agricultural products and their derivatives from the farms to the final consumers. It is an effective and efficient marketing system for agricultural products that satisfies all the related parties; farmers, middlemen and consumers.

Agricultural marketing system bridges the gap between farm-sector and non farm sector. Acharya describes, agricultural marketing is the study of all the activities, agencies, and policies involved in the procurement of farm inputs by the farmers and the movement of agricultural products from the farms to consumers. Thus, widely, agricultural marketing involves the assessment of demand and supply of farm inputs, handling post harvest farm products, to transfer of farm products to processing units and consumers, assessment of demand for agricultural products, government policies and schemes related to pricing, storage, purchase and sale of farm inputs and agricultural outputs.

The agricultural output can be widely divided into the following three categories on the basis of their specific attributes:-

(a) Attributes related to production system-

- Volume of production
- Scattered farms production
- spatial effect in production
- Seasonal effect in production
- Effect of production cycle
- Production of joint products.

(b) Attributes related to farm products-

- Products of perishable in their nature
- products having the nature of bulkiness
- Products having the nature of changing qualities

(c) Attributes related to consumption-

- Products require processing before their consumption
- Products regularly demanded for consumption
- Inelastic demand for the most agricultural commodities.

The above mentioned attributes of agricultural products make their marketing system more complex and different.

Till 1970 there were neglecting opinions for agricultural marketing. The National Commission on Agriculture (1976) and Farmers Commission (2007) have emphasized that it is equally important to produce a crop or an animal product and to market them.

The traditional methods of marketing of agricultural products was very much local. It was not capable to provide proper income to the farmers due to their exploitation by the middlemen. The farmers were to depend on the arhatiyas and brokers for the sale of their produces. The middlemen used to take advantages of their poor conditions; illiteracy and ignorance, and they used to pay very low price for their products. Several studies reveal that the farmers get only about 34% to 53% price for their produces; rice, vegetables and fruits. (A study by D.S. Sidhu reveals that farmers get only about 53% of the price of rice, 39% of the price of vegetables and 34% of the price of fruits). There has been prevailing various malpractices in the mandies.

The recent initiatives taken by the government make various reforms in agriculture as well as agricultural marketing in the union budget of 2018-19; the government has declared to develop and to improve 22000 rural haats and out of which almost 1100 rural haats have been developed at their infrastructural basis. In recent the following initiatives have been made by the government-

APMC (Agricultural Produce Market Committee)-

In present agricultural markets are being regulated by APMCs (Agricultural Produce Market Committee) Act, enforced by the state government. About 2477 principal regulated agricultural markets and 4843 submarket yards are regulated by the respective APMCs in India. This Act lists the agricultural produces and ensures that their first sale can be made under the aegis of the APMCs with the help of commission agents who have been given license by the APMCs set up under the Act. To remove the issues of APMC Act the Ministry of Agriculture, Government of India, framed a Model APMC Act, 2003. It liberalizes the Act for the benefit of farmers as direct sale, special market for specified agricultural products, scope for private marketers, replacement of license with registration, developing more marketing infrastructure and increasing competition for agricultural products. Almost the States have partially adopted this Act. According to the Union Budget 2017-18 and Economic Survey 2016-17 a detailed advisory has been issued to the state governments to allow to States to apply the provisions liberalizing the Model Act and can declare the entire state a single market with one license valid across the entire state. To remove the issues of agricultural marketing it is to develop a common market for agricultural commodities and for it the Ministry of Agriculture has framed APMC Act, 2017 (New model) The States were directed to apply it. The government has targeted to liberalize the entire internal agricultural market by removing restrictions and scattered Acts across the country. There are four legislations-

- (i) Model APMC Act, 2017.
- (ii) Agricultural Produce Trading (Development and Regulation) Act, 2017.
- (iii) Act for Contract Farming.
- (iv) Act for regulating eNAM.

eNAM (National Agricultural Market)-

The Ministry of Agriculture, Government of India has set up National Agricultural Market with the help of Agri-Tech Infrastructure Fund (ATIF) on 14th April, 2016. It provides an e-platform to develop and organize a common market for agricultural commodities. It is a regulated wholesale e- market platform in states and UTs. The Finance Minister, in Union Budget 2016-17, said that the e-market platform would be implemented in all 585 regulated wholesale markets. The Small Farmers Agribusiness Consortium (SFAC) will implement e- platform. According the Union Budget 2018-19, 470 APMCs have been covered under eNAM during 2017-18 and the rest will be covered upto March, 2018. The central government has decided to convert 22000 Rural Haats into Rural Agriculture Markets in the Union Budget 2018-19 and has allotted Rs. 2000 crore for it.

eNAM has facilitated the small and marginal farmers to take advantages to sell their produces in wholesale markets at their own doors through eNAM mobile app. Data from Ministry of Agriculture and Farmers Welfare presented to the Loksabha reveal that up to mid of 2019 more than 1.64 crore farmers and more than 1.24 lakh traders were registered on eNAM. Out of the registered farmers about 49% got the benefit on the eNAM. The maximum no of farmers were registered from Uttar Pradesh (32,96,625) and Madhya Pradesh (30,09,991) and the least from West Bengal (12,714)

States where Farmers have got most benefit from eNAM		
States	No. of Registered Farmers	% who benefited
Chhattisgarh	1,34,715	91
Telangana	18,15,595	85
Himachal Pradesh	1,18,248	82
Andhra Pradesh	14,25,025	79
Haryana	27,16,608	65

Source- <https://www.thehindubusinessline.com>

The portal has recorded the trade transactions of over 2,58,76,016 million tones with a total volume of Rs. 71069 crore. The central government has released Rs. 423.23 crore to the state governments between the financial year 2016 and 2019.

ISAM (Integrated Scheme for Agricultural Marketing)-

In 2013, the central government approved the proposal of the department of Agriculture and cooperation for continuation on integration of ongoing central sector scheme as Integrated Scheme for Agricultural Marketing during XII Plan (2012-17). It comprises five sub-schemes -

- (1) Agricultural Marketing Infrastructure (AMI).
- (2) Marketing Research and Information Network (MRIN).
- (3) Strengthening of Agmark Grading Facility (SAGF).
- (4) Agribusiness Development (ABD) through Venture Capital Assistance (VCA) and Project Development Facilities (PDF).
- (5) Chaudhary Charan Singh National Institute of Agricultural Marketing (NIAM).

The main objectives of ISAM are as follows-

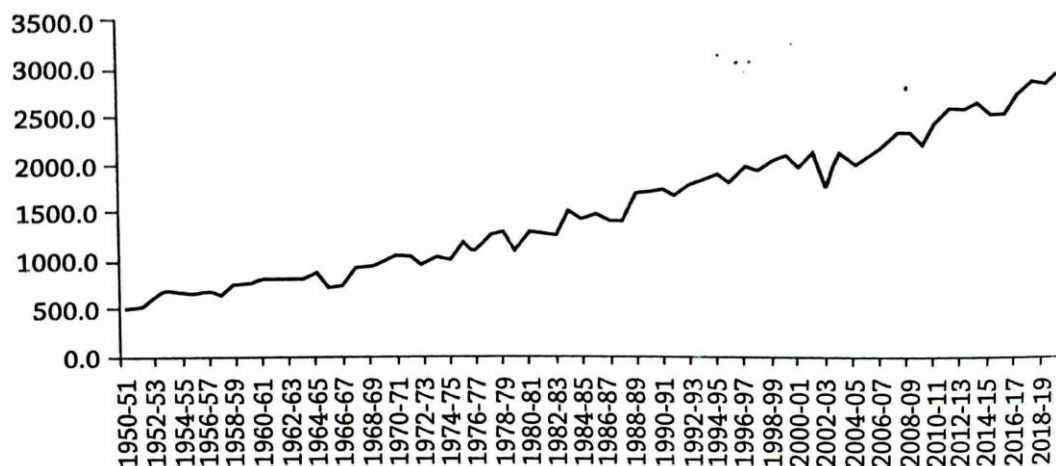
- (i) To promote creation of agricultural marketing infrastructure by providing backend subsidy support to State, cooperative and private sector investment.
- (ii) To promote creation of scientific storage capacity and to promote pledge financing.
- (iii) To promote integrated value chain to get farmers’ vertical integration with primary processor.
- (iv) To promote the use of Information and Communication Technology.
- (v) To make sure the speedy collection and dissemination of market information and data.
- (vi) To frame proper grading and certification policies for the agricultural product.
- (vii) To encourage private investment in setting up agribusiness.
- (viii) To encourage and undertake more training research and education in the agricultural marketing.

The total of Rs. 4548.00 crore was budgetary allotment during XII Plan (2012-17) for Integrated Scheme for Agricultural Marketing. The sub-scheme wise allocations were 4000.00 crore for AMI. Rs. 12.00 crore for MRIN Rs. 6.00 crore for SAGF, Rs. 500.00 crore for ABD, and Rs. 30.00 crores for NIAM.

Opportunities and Challenges-

India's aggregate crop output Statistics represent a continuous increase in tones (of grains) per hectare for the most of the crops during last 4 to 5 decades. These appreciating results have come about from the green revolution regions supported improved means of transportation, electricity availability, land reforms and advance researches and technologies in agriculture.

Food-grain Production through Seven Decades ('000,000 Tonnes)



Source: <http://www.indiaagrstat.com/table/agriculture-data/2/total-foodgrains/17193/1316396/data.aspx>

In India, agriculture sector contributed about 15% of G.D.P. (2018 assessments that is about 7.5% of global agricultural pre production that year). This sector employed about 44% of the workforce in the workforce in the country (2017-2018). Analyzing the above trends in agricultural output and population employed, we can say that there is a big opportunity in agricultural marketing to provide a strong base of economic development in India. Indian agriculture has experienced the various agricultural revolutions and their good results also. The digital revolution and use of ICT have given tempo to the previous revolutions. Now it has become easy to analyze market trends through the various web portals with the help of internet connectivity in one touch. However, agricultural marketing is still facing a lot of challenges:

- (1) **Lack of Institutional Marketing-**
There are a large number of small and marginal farmers in India and most of them have only a little marketable surplus. They are compelled to sell their little volume of surplus to the village merchants at lower prices. The Agricultural census 2015-16 shows that small and marginal farms hold less than two hectares of land accounts for 86.2% of all farms in India. There is need of some organization for joint storage and sale of their produces.
- (2) **Exploitative behavior of Middlemen-**
Studies reveal that there are five to six middlemen on an average basic between the primary producer and consumers. The total markup in the chain added up 60 to 75%. The primary producers receive only 20-25% of the retail price. The middlemen enjoy the benefits from both the producers and consumers. In case of active demand in the market they almost completely exhaust the benefit of higher prices and they do not spread new demand signals to the producers.
- (3) **Lack of Knowledge of Market Information-**
It has been an important problem for the farmers that they don't have the latest information about the market trends and prices of various crops, government policies etc.
- (4) **Lack of Advanced Marketing Technologies-**
The operational efficiency of agricultural market suffers due to lack of improved technologies adaptation for the physical and timely handling of the produces.
- (5) **Lack of Credit Facilities-**
Most of the farmers have to borrow to bridge the gap between sowing and final harvesting of a crop. The money lenders compel farmers to repay their loan within a short period. The farmers have to sell their produces at lower prices immediately without gaining the advantage of extra profit by withholding the crop till the time of increase the prices for their produces.

(6) Lack of Adequate Facilities-

Lack of sufficient storage facilities results inefficiency in agricultural market. At present, only one-fourth of the markets have common drying yards, traders, modules, viz. shop, warehouse and platform in front of shop exist is only 63% of the market. For perishable produces cold storage units are necessary. At present they exist only in 9% of the markets and grading facilities exist in less than one-third of the markets. Lack of proper storage infrastructure increases the cost.

(7) Lack of Means of Transportation-

Transportation makes the agricultural market live. Most of the farmers don't have means of transportation to put their produces in appropriate market in time. A big volume of output is spoiled due to mix with dust and long time journey in case of perishable commodity. The cost of carriage also increases that affect the benefit to farmer adversely.

(8) Lack of Grading and Standardization-

Grading is the process of categorizing the output according to their quality into superior and inferior. The farmers are generally fail to achieve higher prices for their superior quality produces. The farmers are generally misguided and cheated by the buyers in lack of proper grading and standardization Laws and their strict enforcement.

Measures to Improve Agricultural Marketing System-

- Establishment of regulated Mandies.
- Proper grading and standardization of agricultural commodities.
- Development of proper means of transportation.
- Use of ICT
- Launching program of marketing skill for farmers.
- Proper assessment of MSP.
- Development of proper storage infrastructure.
- Strict restrictions on unlawful practices by the intermediaries.
- Ensuring proper government purchasing system.

III. Conclusion

In Indian perspective, the folklore says... there are poor farmers ... and rich merchants. It is still quite much right now. Recent measures and initiatives taken by the government have make the economic condition of farmers for somehow better but still a lot of acts are to be done for them. Agriculture is the pivot of economic development of Indian economy. But in recent decades the contribution of agriculture sector to the GDP has been reduced. The migration of workers engaged in agriculture to other sector is not a good sign. It represents lack of opportunities and huge exploitation. Government is experiencing challenges to provide food security measures to the second largest populated country India is need sustainable agricultural development with ensuring fair remunerative prices to the farmers for their produces through developing proper infrastructure base supporting proper mobilization of agriculture produce. An integrated policy covering diversified challenges and opportunities in India is required to develop and to implement to bring smile on face of every farmer and citizen.

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