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# Anatomization of Flourishing Indian Agricultural Marketing after Globalization

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**ABSTRACT:** Agriculture fulfils the basic need of human kind by producing food. About a century ago, farmer used to produce food commodities mostly for self-consumption or for exchange with others (cash or kind) mostly in the same village or nearby places. They were primarily self-reliant.

But, now production environment has changed considerably from self-reliance to commercialization. Technological advancement in the form of high yielding varieties, use of fertilizers, insecticides, pesticides, farm mechanization has led to a substantial increase in farm production and consequently the larger marketable and marketed surplus. The improved production is accompanied by the increasing urbanization, income, changing life style & food habits of the consumers and increasing linkages with the overseas market. Today consumers are not limited to rural areas where food is produced. Further, increasing demand for processed or semi-processed food products requires value addition in the raw agricultural produce. These developments require movement of food commodities from producer to consumers in the form of value-added products. Agricultural marketing brings producers and consumers together through a series of activities and thus becomes an essential element of the economy. The scope of agricultural marketing is not only limited with the final agricultural produce. It also focuses supply of agricultural inputs (factors) to the farmers.

Globalization refers to increases in the movement of finance, inputs, output, information, and science across vast geographic areas. The gains from globalization increase net income in many places and facilitate decreases in levels of poverty and may thereby increase levels of food security. However, there is an implication of frictionless movement and perfect knowledge that understates the requirements for benefiting from globalization.

Globalization can greatly enhance the role of agriculture as an engine of growth in low-income countries by making it possible for agriculture to grow considerably faster than domestic consumption. It also increases the potential for agriculture to increase food security through enlarged multipliers to the massive, employment-intensive, non-tradable rural non-farm sector. With such potential benefits, it is important to understand what is required for participation and to ensure that the poor and hungry are lifted out of poverty and hunger by these processes.

**KEYWORDS:** Marketing, globalization, frictionless, consumption.

## I. INTRODUCTION

In a dynamic and growing economy, the agricultural marketing system provides important linkages between the farm production sector and the non-farm sector. Apart from performing physical and facilitating functions of transferring the goods from the 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. The issues in agricultural marketing relate mainly to the performance of the marketing system, which depends on the structure and conduct of the market. The performance of the marketing system has remained under continuous scrutiny and the government took several initiatives to influence the structure and conduct of agricultural produce markets. The objective of this research paper is to discuss some key issues of current interest relating to the structure, conduct and performance of agricultural produce markets in India.

Agriculture is the largest source of employment in India, and food accounts for about half of consumer expenditures. Moving agricultural products from the farm to consumers more efficiently could result in large gains to producers, consumers, and India's overall economy.

## **II. GROWTH OF AGRICULTURAL MARKETING IN INDIA**

Marketing of agricultural commodities developed after the man was able to produce more food than he needed for himself, and exchange of his products with others started. This transition from production for consumption to production for exchange came about slowly. About a century ago, farmers used to consume most of what they produced; but, now most of what the farmers produce is exchanged for other things what they require. This tendency has increased their dependence on marketing, which has resulted in the overall development of the market mechanism.

National Commission on Agriculture (the first commission which suggested measures for the development of agriculture in the post-independence period) remarked that “there is an increasing awareness that it is not enough to produce a crop or animal product, it must be marketed well. Increased production, resulting in a greater percentage increase in the marketable surplus accompanied by the increase in demand from urban population, calls for a rapid improvement in the existing marketing system”. Since then, lots of efforts were made in

various five-year plans to promote organized marketing of agricultural commodities through a network of regulated markets

## **III. DRIVERS OF GROWTH OF AGRICULTURAL MARKETING IN INDIA**

### **1. Technological change in Agriculture:**

Technological developments in agriculture, such as the evolution of high yielding varieties of seeds, increased use of modern inputs and cultivation practices in the agricultural sector, have resulted in substantial increase in farm production. The marketed surplus of agricultural produce has therefore increase. This has resulted into the growth on the marketing system.

### **2. Specialization:**

The tendency towards increasing specialization by farmers and regions in certain crops or livestock has resulted in an increase in their efficiency and the breakdown in the self-sufficiency of the family unit. Specialization, thus, has resulted in increased production, which is the base for the growth of marketing and, in turn, of the economy. This has also resulted in improved use efficiency of natural resources like land and water.

### **3. Urbanization:**

Urban people are the main buyers of agricultural surpluses. The urban population of India has increased significantly which necessitated a faster growth of agricultural marketing activities. The rate of growth of urban population is much higher than rural population (due to rural-urban migration) which has further increased the importance of marketing system for farm products.

### **4. Transportation and communication**

The increase in transportation and communication facilities has widened the market for farm products. The length and breadth of the market to which a product is taken from the production areas have increased. In the absence of these facilities, the movement of produce from one area to another was limited, and the consumption of a product was restricted only to the areas of production or; at the most, to nearby areas. The scope of marketing has, thus increased manifold.

### **Definitions of Agricultural Marketing**

The term agricultural marketing is composed of two words- agriculture and marketing. Agriculture, generally means growing and/or rising of crops and livestock while, marketing encompasses a series of activities involved in moving the goods from the point of production to point of consumption.

## **IV. KEY ASPECTS OF AGRICULTURAL MARKETING**

1) Agricultural marketing comprising of all activities involved in supply of farm inputs to the farmers and movement of agricultural products from the farms to the consumers.

2) The agricultural marketing system includes two major sub-system viz. product marketing and input (factor) marketing. The product marketing sub-system includes farmers, village/primary traders, wholesalers, processors, importers, exporters, marketing cooperatives, regulated marketing committees and retailers. The input sub-system includes input manufacturers, distributors, related associations, importers, exporters and others who make available various farm production inputs to farmers.

3) The agricultural marketing system is understood and developed as a link between the farm and non-farm sectors. A dynamic and growing agriculture sector requires fertilizers, pesticides, farm equipments, machinery, diesel, electricity, packing material and repair services which are produced and supplied by the industry and non-farm enterprises. The

expansion in the size of farm output stimulates forward linkages by providing surpluses of food and natural fibers which require transportation, storage, milling or processing, packing and retailing to the consumers..

4) The marketing system should be such as may bring about the overall welfare to all the segments (producers, consumers, middlemen and traders) society. Government act as a watch-dog in ensuring the interest of all the groups associated in the marketing.

5) The subject of agricultural marketing includes marketing functions, agencies, channels, efficiency and costs, price spread and market integration, producer's surplus, government policy and research, training and statistics on agricultural marketing and imports/exports of agricultural commodities.

6) The overall objective of agricultural marketing in a developing country like India is to help the primary producers viz. the farmers in getting the remunerative prices for their produce and to provide right type of goods at the right place, in the right quantity and quality at a right time and at right prices to the processors and/or ultimate consumers on the other.

## **V. IMPORTANCE OF AGRICULTURAL MARKETING**

Agricultural marketing plays an important role not only in stimulating production and consumption, but also in accelerating the pace of economic development. It is the most important multiplier of agricultural development. In the process of shifting from traditional to

modern agriculture, marketing emerges as the biggest challenge because of production surpluses generated by the shift. The importance of agricultural marketing is revealed from the following;

### **1. Optimization of Resource use and Output Management**

An efficient agricultural marketing system leads to the optimization of resource use and output management. An efficient marketing system can also contribute to an increase in the marketable surplus by scaling down the losses arising out of inefficient processing, storage and transportation. A well-designed system of marketing can effectively distribute the available stock of modern inputs, and thereby sustain a faster rate of growth in the agricultural sector.

### **2. Increase in Farm Income**

An efficient marketing system ensures higher levels of income for the farmers reducing the number of middlemen or by restricting the cost of marketing services and the malpractices, in the marketing of farm products. An efficient system guarantees the farmers better prices for farm products and induces them to invest their surpluses in the purchase of modern inputs so that productivity and production may increase. This again results in an increase in the marketed surplus and income of the farmers. If the producer does not have an easily accessible market-outlet where he can sell his surplus produce, he has little incentive to produce more.

### **3. Widening of Markets**

An efficient and well-knot marketing system widens the market for the products by taking them to remote corners both within and outside the country, i.e., to areas far away from the production points. The widening of the market helps in increasing the demand on a continuous basis, and thereby guarantees a higher income to the producer.

### **4. Growth of Agro-based Industries**

An improved and efficient system of agricultural marketing helps in the growth of agro- based industries and stimulates the overall development process of the economy. Many industries like cotton, sugar, edible oils, food processing and jute depend on agriculture for the supply of raw materials.

### **5. Price Signals**

An efficient marketing system helps the farmers in planning their production in accordance with the needs of the economy. This work is carried out through transmitting price signals.

### **6. Adoption and Spread of New Technology**

The marketing system helps the farmers in the adoption of new scientific and technical knowledge. New technology requires higher investment and farmers would invest only if they are assured of market clearance at remunerative price.

## 7. Employment Creation

The marketing system provides employment to millions of persons engaged in various activities, such as packaging, transportation, storage and processing. Persons like commission agents, brokers, traders, retailers, weigh men, hamals, packagers and regulating staff are directly employed in the marketing system. This apart, several others find employment in supplying goods and services required by the marketing system.

## 8. Addition to National Income

Marketing activities add value to the product thereby increasing the nation's gross national product and net national product

## 9. Better Living

The marketing system is essential for the success of the development programmes which are designed to uplift the population as a whole. Any plan of economic development that aims at diminishing the poverty of the agricultural population, reducing consumer food prices, earning more foreign exchange or eliminating economic waste has, therefore, to pay special attention to the development of an efficient marketing for food and agricultural products.

## Challenges faced by Agricultural Marketing in India

Indian system of agricultural marketing suffers from a number of defects. As a consequence, the Indian farmer is deprived of a fair price for his produce. The main defects of the agricultural marketing system are discussed here.

### 1) Improper Warehouses:

There is an absence of proper warehousing facilities in the villages.

Therefore, the farmer is compelled to store his products in pits, mud-vessels, "Kutchas" storehouses, etc. These unscientific methods of storing lead to considerable wastage. Approximately 1.5% of the produce gets rotten and becomes unfit for human consumption. Due to this reason supply in the village market increases substantially and the farmers are not able to get a fair price for their produce. The setting up of Central Warehousing Corporation and State Warehousing Corporation has improved the situation to some extent.

### 2) Lack of Grading and Standardization:

Different varieties of agricultural produce are not graded properly. The practice usually prevalent is the one known as "dara" sales wherein heap of all qualities of produce are sold in one common lot. Thus the farmer producing better qualities is not assured of a better price. Hence there is no incentive to use better seeds and produce better varieties.

### 3) Inadequate Transport Facilities:

Transport facilities are highly inadequate in India. Only a small number of villages are joined by railways to mandies. Produce has to be carried on slow moving transport vehicles like bullock carts. Obviously such means of transport cannot be used to carry produce to far-off places and the farmer has to dump his produce in nearby markets even if the price obtained in these markets is considerably low. This is even truer with perishable commodities.

### 4) Presence of a Large Number of Middlemen:

The chain of middlemen in the agricultural marketing is so large that the share of farmers is reduced substantially. For instance, a study of D.D. Sidhan revealed, that farmers obtain only about 53% of the price of rice, 31% being the share of middle men (the remaining 16% being the marketing cost). In the case of vegetables and fruits the share was even less, 39% in the former case and 34% in the latter. The share of middlemen in the case of vegetables was 29.5% and in the case of fruits was 46.5%.

### 5) Malpractices in Unregulated Markets:

Even now the number of unregulated markets in the country is substantially large. Arhatiyas and brokers, taking advantage of the ignorance, and illiteracy of the farmers, use unfair means to cheat them. Another malpractice in the mandies relates to the use of wrong weights and measures in the regulated markets. Wrong weights continue to be used in some unregulated markets with the object of cheating the farmers.

### 6) Inadequate Market Information:

It is often not possible for the farmers to obtain information on exact market prices in different markets. So, they accept whatever price the traders offer to them. With a view to tackle this problem the government is using the radio and television media to broadcast market prices regularly. The news papers also keep the farmers posted with the latest

changes in prices. However the price quotations are sometimes not reliable and sometimes have a great time-lag. The trader generally offers less than the price quoted by the government news media.

#### **7) Inadequate Credit Facilities:**

Indian farmer, being poor, tries to sell off the produce immediately after the crop is harvested though prices at that time are very low. The safeguard of the farmer from such "forced sales" is to provide him credit so that he can wait for better times and better prices. Since such credit facilities are not available, the farmers are forced to take loans from money lenders, while agreeing to pledge their produce to them at less than market prices. The co-operative marketing societies have generally catered to the needs of the large farmers and the small farmers are left at the mercy of the money lenders.

### **VI. CONCLUSION**

India is expected to achieve the ambitious goal of doubling farm income by 2022. The agriculture sector in India is expected to generate better momentum in the next few years due to increased investment in agricultural infrastructure such as irrigation facilities, warehousing and cold storage. Furthermore, the growing use of genetically modified crops will likely improve the yield for Indian farmers.

India is expected to be self-sufficient in pulses in the coming few years due to concerted effort of scientists to get early maturing varieties of pulses and the increase in minimum support price.

The agriculture industry in India reached a value of INR 63,506 Billion in 2020. Agriculture and the allied sector proved to be the most resilient to the Covid-19 shock as it registered a growth of 3.6 per cent in 2020-21 and improved to 3.9 per cent in 2021-22, driving the overall Indian economy's real GDP expansion of 9.2 per cent in 2021-22, according to the Economic Survey 2021-22.

Globalization, in the sense of rapid transmission of the impact of technology to all areas of the globe with highly developed infrastructure, will continue to accelerate. Low-income countries that do not spend heavily on research and technology dissemination and do not upgrade their rural infrastructure and reduce transaction costs will experience continually declining prices for agricultural commodities, but without offsetting decreases in costs of production..

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