



MANAGEMENT OF AGRICULTURAL MARKETING INFRASTRUCTURE IN INDIA

Dr. S.K. Tripathi

Assistant Professor, M.L.K.(P.G.) College Balrampur, Uttar Pradesh.

Abstract

In a developing country like India, marketing infrastructures play a pivotal role in fostering and sustaining the tempo of rural and economic development. Marketing is as critical to better performance in agriculture as farming itself. Though the role of infrastructure is the key element of any development program yet their role in distribution and marketing is the supreme. India's growth both as agriculturally and horticultural advanced country may get reflected if various marketing infrastructural constraints are not removed. Many of the regions of the country still suffer from the existence of infrastructural problems that they threaten to torpedo the regions agricultural and horticultural development efforts. In this paper an attempt has been made to examine the status of different agricultural marketing infrastructures, their geographical spread in the different states of India and also the policy measures for strengthening of these infrastructural facilities.

INTRODUCTION

Actual buying and selling of agricultural commodities takes place in market yards, sub-yards and rural markets/ haats spread throughout the length and breadth of the country. Agricultural produce regulated markets have been playing a major role in the smooth distribution of foodgrains, oilseeds, fiber crops and fruits and vegetables to meet the supply and demand needs of the farmers, traders, processors and consumers of the State.¹ The research studies revealed that farmers on an average gets 8 to 10 per cent higher price and higher share in the consumer's rupee by selling their produce in the regulated markets compared to rural, village and unregulated wholesale markets. The benefits got by the farmers by sale of agricultural produce in the regulated market varies from area to area because of the variation in the spread of regulated markets over the regions and the existence of necessary infrastructural amenities/ facilities in these regulated markets.²

There are 7157 agricultural produce regulated markets in the country by the end of March 2010. There is uneven spread of these regulated markets in the districts of the state. The average area served by each regulated market also varied considerably among the states of India. It varies from 103 Sq.Km per market in Punjab, 129 in West Bengal, 156 in Haryana, 305 in Andhra Pradesh, 347 in Assam, 350 in Maharashtra, 383 in Karnataka and 394 in Uttar Pradesh. The states like Arunachal Pradesh, Himachal Pradesh, Meghalaya, Sikkim, and Uttaranachal were among those where average area served by each market was more than one thousand sq.km. The average area served by each market works out to 28983 sq.km. Based on the recommendation of National Commission on Agriculture there should be one market for 80 sq. km of area. Accordingly there is a deficit of 34679 markets and need to promote more markets in various states. A rural periodic market/ haats is the first contact point for producer sellers for en-cashing his agricultural produce and income. There are about 27,294 rural periodic markets in the country. The minimum necessary infrastructural facilities do not exist in these rural periodic markets.

Besides above after market reform initiatives for alternative marketing methods have also been taken. License for Direct Marketing has been granted in Maharashtra to M/S Aditya Birla Retail Ltd, Ruch Soya Industries, M/s Tina Oils, etc & in Gujarat to Borsad Agro Marketing Pvt. Ltd., Reliance Agri Products Distribution Pvt. Ltd., Reliance Fresh, etc. In Madhya Pradesh and Rajasthan to ITC e-choupal. In Uttar Pradesh to Haryali Kisan Bazar.³

INFRASTRUCTURES OF STORAGE

This capital-intensive marketing infrastructure is necessary for carrying the agricultural produce from production seasons to consuming periods. Lack of inadequate scientific storage facilities cause heavy losses to farmers in terms of huge wastage of quantity and quality of crops in general and of fruits and vegetables in particular. Seasonal fluctuations in prices are aggravated in the absence of these facilities. To have storage facilities in the country, the Agricultural Produce (Development and Warehousing) Corporation Act was enacted in 1956. The State Governments also enacted the warehousing Acts during July 1957 to August 1958. The scheme of Warehousing, Rural Godowns and Cold storage's have been initiated in public, cooperative and private sectors in the country to meet the storage needs of the producers in different areas. The progress made in this regard is as follows:⁴

- The total storage capacity available at the end of 2010 of CWC, SWC, and FCI is about 75 million tonnes. It is
- Rural Godowns under NCRG Scheme initiated in 1979 have constructed rural godowns of 15 million tonnes.capacity.
- Under the Gramen Bhandaran Yojana of GOI, about 67 M.T. capacities have been created in the country up to March 2010.

Keeping in view the agricultural production in the country, the available storage facilities/ capacities are short looking. Looking at the production trends and assuming 70 percent as marketed surplus, a storage capacity of 150 MT is needed.

Cold Storage: With a view to enhance shelf life of perishables, cold storages in the country have also been promoted. Presently a total of 5274 cold storages are in the country with a total capacity of 24.31 million tonnes. Most of these cold storage units are in the private sector. Public and cooperative sector accounts for a very small capacity. The present storage capacity of cold stores is sufficient for only 12 percent of the total production of fruits and vegetables. There are two states where there is no cold storage is available. On the other hand states like Assam, Himachal Pradesh, Jammu & Kashmir, Kerala, Sikkim and Tamilnadu have cold storage capacity available only for one percent of their produce. There are only four states i.e. Punjab, Uttar Pradesh, West Bengal and Rajasthan which have more than all India average capacity available for their produce. The demand for cold storage facilities is there for other agricultural products also. Presently density of cold storage is about two per thousand sq. km of area. Looking to the available quantities of perishable products (fruits & vegetables) the cold storage capacity available in the country is inadequate and requires their promotion both in the production as well as consuming areas of the State.

Containers: For transport of perishable produce to domestic and export markets reefer vans/ containers are required. Their availability increased from 431 in 2001 to 3711 during 2010 but this is extremely low looking to the need for transportation of perishable commodities from one area to another. Thus the country would also need reefer containers/ vans for transport of perishable commodities for domestic and export marketing.

INFRASTRUCTURES FOR TRANSPORTATION

A well-developed and efficient system of transportation helps in the expansion of markets, reduces the transport time and costs of transportation of the commodities. Roads in movement of produce are just like the arteries in human body for blood circulation. Village roads in India is about 26.50 lakh Km. Majority of the agricultural produce, producer of the tribal areas and perishable farm products are still confined to village markets for sale of their produce for want of surfaced roads and sufficient means of transportation. The percentage of Single Lane/ Intermediate lane 20,849 km (30%), Double lane 37,646 km (53%) And Four Lane/Six lane/Eight Lane 12,053 km (17%). The lack of double lane roads has a negative effect on the speed of transport means. The rapid expansion and strengthening of the road network, therefore, is imperative, to provide for both present and future traffic and for improved accessibility to the hinterland. In addition, road transport needs to be regulated for better energy efficiency, less pollution and enhanced road safety.⁵

INFRASTRUCTURES FOR PROCESSING

A strong and effective food-processing sector plays a significant supportive role in diversification and commercialization of agriculture. Processing function adds value to the products and enhances the income of the farmers in addition to generation of employment in the economy. A number of agro- processing units for processing of different agricultural products have been established in the country in recent past with the increasing consumer demand for processed products. The processing capacity of the existing units has also been enhanced. Huge post - harvest losses of fruits and vegetables is there in absence of the processing units. Presently only 2.3 per cent of total production of fruits and vegetables is being processed in the country. Though the country offers vast potential for establishing agro-processing units like for oilseeds, food grains and sugarcane, yet their availability in the number of State is almost negligible.⁶

There are several thousands of bakeries, traditional food units and fruit/ vegetable/ spices processing units in unorganized sector. In the organized sector there are over 516 flour mills, 568 fish processing units, 5293 fruits & vegetable processing units, 429 sugar mills, 725 solvent extraction plants and 1.50 lakh rice mills along with 35088 modern rice mills. There are more than 15 thousand pulse mills having 16 MT capacity spread over the country. Though the country offers vast potential for establishing agro processing units like for oilseeds, food grains and sugarcane, yet their availability in the number of states is almost negligible.⁷

INFRASTRUCTURE OF GRADING AND PACKAGING

To help the consumers by supplying good quality products at reasonable prices and to help the producer – farmers in realizing the remunerative prices of their produce and also for smooth conduct of trade transactions by adopting a common trade language, grading and standardization of agricultural commodities is a necessary step and of pivotal importance to attain efficient marketing. Grading and standardization of commodities also helps in collection and dissemination of accurate market information, cooperatively pooling of produce, adoption of group marketing system, prevention of health hazards on account of adulteration by harmful products and also creates quality consciousness among the masses of the country. Realizing the importance of the grading and standardization, a pioneer attempt has been made by the Government through an



enactment of a legislation. The Agricultural Produce (Grading and Marketing) Act, 1937. Under this act, the grade standard has been notified for 184 agricultural commodities so far. The commodities graded under this act bear AGMARK label on the products, which is an indication of purity and of quality goods. The AGMARK grading is done both for internal is done under the Agricultural Produce (Grading and Marking) Act, 1937. Grading is being undertaken at the traders and producers level both for internal consumption and for export. To facilitate grading, grading centers have been established only in 1321 markets so far. The trend of the quantity of agricultural produce graded over time is a rising one. But the quantity graded at producer's level is still almost negligible. There is a need to create facilities for cleaning, grading and packaging at primary level and also in the villages from where produce is brought for sale.

FOOD PARKS AND PACK HOUSE

India is second largest producer of fruits & vegetables. With a view to tap export markets and catering to the need of bulk buyers, mechanical graded and packed house are required in the horticulture growing areas. Certain activities like cleaning, washing, grading, packaging, refrigerated transportation etc. are to undertaken in conformity to international trade. To address these problems, APEDA a implemented a scheme for catering Export Oriented Agri- Zones. Under the scheme so far about 111 grading and pack houses has been established so far to answer the need of export markets.⁸ Besides these, food parks have also been established in the country with a view to give exposure to farmer producer. Though 56 food parks have been established in the country, yet their availability is confined to only 20 states.

MIS

Farmers need information to aid them in planning their operations right from the time they plant these seeds until the produce possess the hands in the market. Market information helps the farmers in comparing the prices offered by different firms in different markets and also in the selection of alternative outlets available. The MIS reduces business risks of farmer - sellers and traders. There are 435 MIS centers in the country. Wholesale prices of important agricultural commodities from selected markets are collected daily by these centers and are transmitted to Head office for further transmission to TV and AIR stations. Electronic medium has been used for transmission of information in various industries. However, their use in agricultural markets is relatively low. Markets of some States are linked with National Information Network (NIC-NET) to provide the speedy and timely dissemination of market information to the growers. Under the scheme about 3011 agmarknet nodes have been promoted in the country so far. Out of these 92 percent have been promoted in the agricultural markets where as remaining are used for monitoring and follow up. The availability of Ag-market nodes per 000' Sq. Km of area is not even one. However, their availability per 000' tons of produce is six. Concerted efforts are required to expand the Ag-market nodes in the states of Assam, Bihar, Jharkhand, Manipur, West Bengal, Orissa, Punjab, Uttar Pradesh and Uttaranchal.⁹

MANAGEMENT OF VENTURE CAPITAL AND TRADING INFRASTRUCTURE

Agricultural commodities experiences wide fluctuations in their prices largely due to monsoon and their seasonality. Due to these fluctuations farmers faces huge uncertainties. Derivate products like forward, future and options are the risk management tools which can be used to avoid the impact of unexpected price changes in future price movements. Forward and future contracts enable price discovery. The price discovery function allows important economic decisions to be made as to which commodity produce, how much to sell and what prices, how much to store and for how long. This is also a form of direct marketing and enhances the share of farmer in consumer rupee. Thus has assumes special importance in recent times. Commodity future markets in the country have been promoted by establishing various exchanges. At present their number is 29 only. However, only 20 exchanges are effectively working. Future trading in agricultural commodities has also been allowed for 54 commodities. Forward trading has been extended to 39 agricultural commodities only. However, the transaction undertaken through these exchanges so far has been minimal but experiencing a rising trend. All out efforts are needed to establish more exchanges for enhancing trading in agricultural commodities as well e-trading so as to promote direct marketing of produce.¹⁰

MANAGEMENT OF POST-HARVEST TECHNOLOGY

Post-harvest technology infrastructure especially for perishables, less perishables and non- perishable commodities is of critical importance to preserve their quantity and quality. A substantial quantity of produce is lost on account of poor post-harvest technology and careless harvesting, assembling, preserving, packaging and use of technology for quality control. State Agricultural Marketing Board, Directorate of Horticulture and Post-Harvest Technology Centers established for specific crops by ICAR has initiated the process for promotion of Post-Harvest Technology in the form of providing of know-how on different aspects to the farmers and orchardists of the country. In some of the States, State Agricultural Marketing Board offer services to the traders and processors in providing of technical consultancy, preparation of techno-economic feasibility



report, quality control guidance, assessment of packaging necessity of different fruits and advisory services to fruits and vegetables processing units.

DEVELOPMENT OF MARKETING FORCES

There is increasing need to provide market education and training to the farmers producers, traders, marketing personnel, policy makers etc. on a continuous basis based on regular research studies. These improves know how and decision taking power of the farmers as to when, where and in what form to sell the produce. The Directorate of Marketing & Inspection, State Agricultural Marketing Board, State Marketing Department, Agricultural University and National Institute of Agricultural Marketing are engaged for helping the farmers and market functionaries in these areas. However, the available inputs in these areas are not sufficient to cater to the needs of all the growers and other stakeholder because of varied agro-climatic conditions.¹¹

CONCLUSION

With the liberalization and favorable trade environment in the country, Rakesh Mohan Committee estimates that goods and passenger traffic are likely to grow more than 2.7 and 2.5 times between the years 1992 to 2000 and the existing road network is in no way geared up for this production boom (Devi Prasad, 1996). Besides this railway lines have to be extended to remote areas too. It is also suggested that, the existing processing facilities for rice milling, flour milling, pulses milling, oil extraction, cotton ginning and sugarcane milling are inadequate and need to be augmented and modernized to meet the growing demand for quality products in domestic as well as for export markets. The processing facilities also need to be augmented for processing the perishable products to expand their demand in domestic as well as in export market in view of increase in their production in future. There is need for maintenance of sanitary and phytosanitary standards both for domestic market and external trade.

Keeping in view the globalization **grading has to be strengthened** on war footing basis. It is suggested that grading units should be promoted at the village level with the help of private sector participation. There is need for expansion of network of State Agmark laboratories at all district headquarters and in important markets of the country to ensure the availability of State Grading laboratories to the consumers of all areas. The Grading standards for the remaining Commodities should also be formulated. Compulsory grading and quality control be introduced for the total trade so as to reduce further chances of adulteration. The necessary infrastructural facilities for this are created by the Central and State Governments to prevent health hazards. Consumers and traders should be educated about the advantages of Agmark grading by adoption of different publicity measures. The graded products should be made popular among masses. Since the grading facilities at producer's level are nearly nonexistence it will be worthwhile if State Directorate of Marketing in collaboration with National Institute of Agricultural Marketing undertake detailed techno economic feasibility studies. It is also suggested that Government should go for compulsory grading at producer's level. The State Government should expand administrative facilities in the markets to make the grading of agricultural commodities popular at the producer's level. Risk management and e-trading have to be popularizing by educating various stakeholders. For this a separate resource center should be established in National Institute of Agricultural Marketing at the earliest.

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