



STUDY OF EMERGING ISSUES AND CHALLENGES IN MARKETING AGRICULTURAL PRODUCTS IN INDIA

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Abstract

Agricultural marketing covers the services involved in moving an agricultural product from the farm to the consumer. Numerous interconnected activities are involved in doing this, such as planning production, growing and harvesting, grading, packing, transport, storage, agro- and food processing, distribution, advertising and sale. Some definitions would even include “the acts of buying supplies, renting equipment, (and) paying labor”, arguing that marketing is everything a business does. Such activities cannot take place without the exchange of information and are often heavily dependent on the availability of suitable finance.

Marketing systems are dynamic; they are competitive and involve continuous change and improvement. Businesses that have lower costs, are more efficient, and can deliver quality products, are those that prosper. Those that have high costs, fail to adapt to changes in market demand and provide poorer quality are often forced out of business. Present paper emphasis on the emerging issues and challenges involved in marketing of agricultural products in India. For the study secondary data has been used and analyzed and understanding has been obtained about the agriculture sector.

Key Words : Rural Marketing ; Agri-Product Marketing ; Agriculture ; Marketing Management ; Strategic Marketing.

1.INTRODUCTION

Agricultural marketing covers the services involved in moving an agricultural product from the farm to the consumer. Numerous interconnected activities are involved in doing this, such as planning production, growing and harvesting, grading, packing, transport, storage, agro- and food processing, distribution, advertising and sale. Some definitions would even include “the acts of buying supplies, renting equipment, (and) paying labor”, arguing that marketing is everything a business does. Such activities cannot take place without the exchange of information and are often heavily dependent on the availability of suitable finance.

In Western countries considerable agricultural marketing support to farmers is often provided. In the USA, for example, the USDA operates the Agricultural Marketing Service. Support to developing countries with agricultural marketing development is carried out by various donor organizations and there is a trend for countries to develop their own Agricultural Marketing or Agribusiness units, often attached to ministries of agriculture. Activities include market information development, marketing extension, training in marketing and infrastructure development. Since the 1990s trends have seen the growing importance of supermarkets and a growing interest in contract farming, both of which impact significantly on the way in which marketing takes place.

2. RESEARCH METHODOLOGY

For this research paper descriptive study of the agriculture sector has been carried out. Secondary data has been analyzed pertaining to agricultural products and marketing. Issues and challenges pertaining to agriculture sector have been understood from farmers and traders of the agricultural products from the near about areas by personal meeting. Industry analysis structure of external factors and internal factors have been used for the analysis.

3.MARKETING SUPPORT STRUCTURE TO AGRICULTURAL SECTOR IN GLOBE AND INDIA

Well-functioning marketing systems necessitate a strong private sector backed up by appropriate policy and legislative frameworks and effective government support services. Such services can include provision of market infrastructure, supply of market information (as done by USDA, for example), and agricultural extension services able to advise farmers on marketing. Training in marketing at all levels is also needed. One of many problems faced in agricultural marketing in developing countries is the latent hostility to the private sector and the lack of understanding of the role of the intermediary. For this reason “middleman” has become very much a pejorative word.

In India to support , promote and manage agricultural products and marketing following government funded or aided and unaided institutions are available. To name some of them are State Agricultural and development departments , Agrimark , Agricultural , produce market committee (Widely known as APMC) , Indian Agri Trade Junction , E-Choupal (ITC initiative) , Food Corporation of India (FPI India) ,FPO mark ,Horticultural Producers' Cooperative Marketing and Processing Society ,



Indian pulse export ban, 2006 KERAFED, Multi Commodity Exchange, National Agricultural Cooperative Marketing Federation of India, National Institute of Agricultural Marketing etc.

4. AGRICULTURAL ADVISORY SERVICES AND THE MARKET IN INDIA

Promoting market orientation in agricultural advisory services aims to provide for the sustainable enhancement of the capabilities of the rural poor to enable them to benefit from agricultural markets and help them to adapt to factors which impact upon these. As a study by the Overseas Development Institute demonstrates, a value chain approach to advisory services indicates that the range of clients serviced should go beyond farmers to include input providers, producers, producer organizations and processors and traders. In India recently advisory boards to agriculture market has been started. Advisory bodies like Agricultural ministry, E Chhopal etc have been supporting Agricultural product marketing in India with support of Non Profitable and Non Governmental Organizations.

5. MARKET INFRASTRUCTURE – WHOLESALE MARKET AND RETAIL MARKET

Efficient marketing infrastructure such as wholesale, retail and assembly markets and storage facilities is essential for cost-effective marketing, to minimize post-harvest losses and to reduce health risks. Markets play an important role in rural, income generation, food security, developing rural-market linkages and gender issues. Planners need to be aware of how to design markets that meet a community's social and economic needs and how to choose a suitable site for a new market. In many cases sites are chosen that are inappropriate and result in under-use or even no use of the infrastructure constructed. It is also not sufficient just to build a market: attention needs to be paid to how that market will be managed, operated and maintained. In most cases, where market improvements were only aimed at infrastructure upgrading and did not guarantee maintenance and management, most failed within a few years.

Rural assembly markets are located in production areas and primarily serve as places where farmers can meet with traders to sell their products. These may be occasional (perhaps weekly) markets, such as haat bazaars or mandis in India and Nepal, or permanent. Terminal wholesale markets are located in major metropolitan areas, where produce is finally channeled to consumers through trade between wholesalers and retailers, caterers, etc. The characteristics of wholesale markets have changed considerably as retailing changes in response to urban growth, the increasing role of supermarkets and increased consumer spending capacity. These changes require responses in the way in which traditional wholesale markets are organized and managed.

Retail marketing systems in western countries have broadly evolved from traditional street markets through to the modern hypermarket or out-of-town shopping center. In developing countries, there remains considerable scope to improve agricultural marketing by constructing new retail markets, despite the growth of supermarkets, although municipalities often view markets as sources of revenue rather than infrastructure requiring development. Effective regulation of markets is essential. Inside the market, both hygiene rules and revenue collection activities have to be enforced. Of equal importance, however, is the maintenance of order outside the market. Licensed traders in a market will not be willing to cooperate in raising standards if they face competition from unlicensed operators outside who do not pay any of the costs involved in providing a proper service.

6. MARKET INFORMATION & INTERNET AND ONLINE MARKETING

Efficient market information can be shown to have positive benefits for farmers and traders. Up-to-date information on prices and other market factors enables farmers to negotiate with traders and also facilitates spatial distribution of products from rural areas to towns and between markets. Most governments in developing countries have tried to provide market information services to farmers, but these have tended to experience problems of sustainability. Moreover, even when they function, the service provided is often insufficient to allow commercial decisions to be made because of time lags between data collection and dissemination. In India these days initiatives of modern communications technologies tools have been effectively utilized to open up the possibility for market information services. To improve information delivery various innovative ways are used like, SMS on cell phones and the rapid growth of FM radio stations are utilized to communicate in local languages. In the longer run, the internet may turn an effective way of delivering information to farmers.

Government of India took initiative to keep information updated on the internet and have established various websites providing all the details regarding the agricultural product market platforms, trading platforms, market research and trend analysis etc. to quote as an example one of the most popular web sites <http://agmarknet.dac.gov.in/>; which updates the data related the agri products on daily basis.

7. EMERGING ISSUES AND CHALLENGES REGARDING AGRI- PRODUCT MARKETS IN INDIA

1. Though the information are provided on various platforms ; low literacy level and less accessibility to information network is a critical challenge in Agri Marketing in India .
2. Problems associated with the cost and accuracy of data collection still remain to be addressed.
3. Poor infrastructure and non availability of proper storages leads to heavy losses.
4. Agricultural production is still dependent on rain and season.
5. Even when Farmers or traders have access to market information, farmers often require assistance in interpreting that information. For example, the market price quoted on the radio may refer to a wholesale selling price and farmers may have difficulty in translating this into a realistic price at their local assembly market.
6. Various attempts have been made in developing countries to introduce commercial market information services but these have largely been targeted at traders, commercial farmers or exporters. It is not easy to see how small, poor farmers can generate sufficient income for a commercial service to be profitable although in India a new service introduced by Thomson Reuters was reportedly used by over 100,000 farmers in its first year of operation. Esoko in West Africa attempts to subsidize the cost of such services to farmers by charging access to a more advanced feature set of mobile-based tools to businesses.
7. Non availability of cold chain and food grain losses accounts in major losses and in turn harms the pricing.

8. MARKETING TRAINING

While interviewing and meeting farmers it has been observed that their major challenge is marketing and dealing with the customers and traders. They indeed need more training to be designed in local languages in India. Though there are many non profit organizations are working for that and there are also initiatives from governments , quite a sizable work is pending and this is one among a key issues.

While farmers are able to identify such problems as poor prices, lack of transport and high post-harvest losses, they are often poorly equipped to identify potential solutions. Successful marketing trainings which can impart them learning new skills, new techniques and new ways of obtaining information can certainly be helpful to bridge the gap. Extension officers working with ministries of agriculture or NGOs are often well-trained in horticultural production techniques but usually lack knowledge of marketing or post-harvest handling is found one of the key challenge

9. ENABLING ENVIRONMENTS

Agricultural marketing needs to be conducted within a supportive policy, legal, institutional, macro-economic, infrastructural and bureaucratic environment. Traders and others cannot make investments in a climate of arbitrary government policy changes, such as those that restrict imports and exports or internal produce movement. Those in business cannot function if their trading activities are hampered by excessive bureaucracy. Inappropriate law can distort and reduce the efficiency of the market, increase the costs of doing business and retard the development of a competitive private sector. Poor support institutions, such as agricultural services, municipalities that operate markets inefficiently and export promotion bodies, can be particularly damaging. Poor roads increase the cost of doing business, reduce payments to farmers and increase prices to consumers. Finally, the ever-present problem of corruption can seriously impact on agricultural marketing efficiency in many countries by increasing the transaction costs faced by those in the marketing chain.

10. CONCLUSION

New marketing linkages between agribusiness, large retailers and farmers are gradually being developed, in India for e.g. through contract farming, group marketing and other forms of collective action. Donors and NGOs are paying increasing attention to ways of promoting direct linkages between farmers and buyers within a value chain context. More attention is now being paid to the development of regional markets (e.g. East Africa) and to structured trading systems that should facilitate such developments by Indian Agricultural sector. The growth of trade through supermarkets, particularly in Urban area , will have a significant impact on marketing channels for horticultural, dairy and livestock products. Nevertheless, “spot” markets, “mandis” will continue to be important for many years, necessitating attention to infrastructure improvement such as for retail and wholesale markets in India.

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