

Challenges and opportunities in agricultural marketing assignment

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Challenges and opportunities in agricultural marketing Introduction: Although rising incomes are contributing to expanding and diversifying food demand, investment in Indian agriculture has remained low relative to other sectors and grown slowly since the early 1990s. Lagging private investment in agriculture and agribusiness has corresponded with poor infrastructure and weak institutional support for agricultural markets.

Even though India has one of the world's largest agricultural economies, Indian agribusiness is characterized by a multitude of small-scale, non-integrated processing and marketing firms that use mostly outdated technology and are uncompetitive in global markets. Most state governments and UT administrations have enacted legislations to provide for the regulation of agricultural produce markets. While by the end of 1950, there were 286 regulated markets in the country, there are around 8000 regulated market till date.

In addition, India has 21780 rural periodical markets; the advent of regulated markets has helped in mitigating the market handicaps of producers/ sellers at the wholesale assembling level. Agricultural marketing includes such processes as assembling the raw commodities, rading, packaging, transportation, preparation for use, storage, shifting and sharing risks, change in ownership, pricing and exchange, wholesaling and retailing. "Marketing" is defined as the aggregate of functions involved in transferring title and in moving goods from producer to consumer.

Agricultural marketing² includes such processes as assembling the raw commodities, grading, packaging, transportation, preparation for use,

storage, shifting and sharing risks, change in ownership, pricing and exchange, wholesaling and retailing. Abstract: The agricultural produce sector has been one of the most important components of the Indian economy. The increasing trend of agricultural production has brought, in its wake, new challenges in terms of finding market for the marketed surplus. There is also a need to respond to the challenges and opportunities, that the global markets offer in the liberalized trade regime.

To benefit the farming community from the new global market access opportunities. The internal agricultural marketing system in the prepare the Indian agricultural markets and marketing environment so as to provide maximum benefit to the producers and in turn, compete with the global markets. Agriculture and agricultural marketing need to be re-oriented to respond to the market needs and consumer preferences. Agricultural marketing reforms and creation of marketing infrastructure has been initiated to achieve the above purpose.

This paper throws light on challenges and opportunities, important elements, middleman in agricultural marketing followed by reasons for below average performance of Indian farmer and causes for poor agricultural marketing.

Objectives: 1. To know the challenges and opportunities in agricultural marketing. 2. To know the important elements involved in agricultural market. 3. To know about middleman in agricultural marketing. 4. To know the reasons for below average performance of Indian farmers. 5. To know the causes for poor agricultural marketing. Opportunities and challenges in agricultural marketing.

Challenges: 1. Both public and private investment in Indian agriculture and agribusiness have remained weak 2. Along with weak infrastructure and limited institutional support for agricultural markets 3. The climate for private investment is also undermined by weak transport and power infrastructure and lack of key services such as market information, risk management. 4. On farm investment may also be constrained by India's many small and marginal of farmland, and often have limited farmers, who account for nearly 40 percent access to input and output markets and more limited investment options. . Increased demand for value-added services and geographic expansion of markets Demands lengthening of the marketing channel but this are hampered by lack of rural infrastructure. 6. Direct marketing by farmers to consumers remains negligible. In the 27, 294 rural periodic markets, where small and marginal farmers come to the markets, 85% lack facilities for efficient trade. 7. For facilitating trade at the primary market level, 7161 market yards/sub-yard have been constructed but they are ill equipped. 8.

Due to poor handling (cleaning, grading and packaging) at the farm gate or village 30% of fruits and vegetables and 10% of seed species the market Level , about 7% of grains, are lost before reaching 10. Farmers shifting to higher-value crops face increased risk of fluctuation in yield, 11. The agricultural produce marketing committees (APMCs) do not allow the traders yards, the cost to buy from the farmers outside the specified market yards or sub- of marketing increases. 12. In several states, since elections of APMCs are not regularly held, they are uperseded by the government and administered by bureaucrats. 3. The long travel distance involved to reach a

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marketplace is a disincentive for most farmers, with small surplus to sell. Several markets are also poorly equipped. 14. Congestion in the market yards delays the disposal of the farmers' produce, frustrating the farmers. In several markets, malpractices by traders persist, such as late payment, deduction for cash or spot payment, and non-issue of sales slips. In some markets market functionaries (traders, commission agents, and laborers) have formed strong associations. 15.

There is considerable unmet demand for rural credit. Local money-lenders continue to provide credit to the rural families, as the reach of institutional agencies to weaker sections have remained poor. 16. Variation in Market Fees/Market Charges According to the provisions made in the APMC Act of the States, every market Committee is authorized to collect market fees from the licensees (traders) in the prescribed manner on the sale of notified agricultural produce brought by the farmers or traders in the market area at such rates as specified by the State Government. 7. Variation in Entry Tax. The rates of entry tax/octroi tax and sales tax levied on different agricultural commodities vary from State to State which increases the cost of agricultural produce and gives distorted signals to farmers hampering production growth, and brings trade distortions. These also create hassles on the state borders causing considerable delays in interstate movement of goods. 19. Other Barriers Lack of infrastructure like storage, transportation, telecommunication, quality control, packaging, price risk management.

Opportunities: 1 . Marketing Research and Information Network

(AGMARKNET): This is a central sector scheme that was launched by the

Department of Agriculture and Cooperation in March 2000. The scheme aims at progressively linking important agricultural produce markets spread all over India and the State Agriculture Marketing Boards/ Directorates and the DMI for effective exchange of market information. 2.

Construction of Rural Godowns: The Department of Agriculture and Cooperation introduced a central sector scheme, the ' Grameen Bhandaran Yojana', in March 2002 include the creation of a scientific storage capacity with allied facilities in rural areas to meet the requirements of farmers for storing farm produce 3. Development/Strengthening of Agricultural Marketing Infrastructure, Grading and Standardisation: The scheme for theA sum of Rs 67. 0 crore has been allocated for implementation of the scheme during 2006-07, development/strengthening of agricultural marketing infrastructure, grading and standardisation was launched on 20 October 2004. 4. NIAM (MDPs): Set up in August 1988, NIAM has been imparting training to senior and middle-level executives of agricultural and horticultural departments, agro industries, corporations, state marketing board. The Institute organized 18 training programmes, workshops, awareness programmes and management development programmes. Monetary relaxation: This year in union budget Rs 60000 crores are sanctioned for agricultural improvement and additional 20% of Rs 60000 was given as relaxation for farmer earlier this year. 7. Project Formulation: In order to generate resources and ensure optimum utilisation of the expertise of the NIAM faculty, the Institute has taken up several consultancy projects in the year 2006-07. NIAM has completed infrastructural development project of

fruits and vegetables cold store, grading line, ripening chamber etc. , for the Haryana State Agricultural Marketing Board (HSAMB) at

Shahabad, Sirsa, work in progress: (i) Setting up a Special Export Zone (SEZ) for mushrooms at Sonipat for the HSAMB; (it) Modernization of agricultural markets in Rajasthan, Tamil Nadu, Orissa; (iii) Modern terminal markets for Rajasthan, Tamil Nadu and Orissa; and (‘ v) Controlled atmospheric storage for apples at Kolkata for the State Government of Jammu and Kashmir. 8.

Education: The Institute introduced a postgraduate programme in agri-business management as a sub-centre of MANAGE, Hyderabad with effect from July 2001, and 50 students (26 students in the first year and 24 in the second year) are presently enrolled.

The programme is designed to assist agricultural graduates to acquire the critical knowhow to compete in the domestic and global business arena to make them efficient agri-business managers. establish a nationwide information network for speedy collection and dissemination of price related information to farmers. 735 agricultura wholesale markets, 48 State Agricultural Marketing Boards and 27 offices were networked on a single portal for about 300 commodities 9.

Gramin Bhandaran Yojana (Construction of Rural Godowns) The main objectives of the scheme include creation of scientific storage capacity with allied facilities in rural areas to meet the requirements of farmers for storing farm / processed farm produce, consumer articles and agricultural inputs and to prevent distress, the subsidy would be 33. 33%. the Small Farmer’s Agri-Business Consortium (SFAC), is formulating a new scheme to provide

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Venture Capital Assistance to agri-business projects and a Project Development Facility to assist producer groups/ organizations on economically viable agri-business projects Elements 1 .

Transportation becomes a major factor at the start of assembling and continues to be important throughout almost all phases of marketing. A network of railways, waterways, airways, highways, assembly yards and transfer points, manned around the clock by truck drivers and engineers, conductors and captains, pilots, trainmen, dispatchers, and signalmen, carries the goods to intermediate processing and distribution points and to final markets. 2. Most agricultural commodities are processed in some way. Some fruits and vegetables are canned, dried or frozen.

Meat animals are slaughtered, cut up, and chilled. Wheat is ground, and the flour is baked into bread. Cotton is spun into thread and yarn; the yarn goes into cloth, and the cloth into shirts and dresses. Byproducts of many agricultural products yield glycerin, fatty acids, enzymes, hormones, and many other chemicals which are raw material for other industries. 3. A related function is packaging. Its primary purpose is to place the products in convenient forms for shipment (primary, secondary and tertiary packing), storage, or sale.

Packaging of perishable products before they are put on retail display is a fast growing development. 4. Because agricultural production is seasonal, the products have to be stored for distribution later. The storage function involves risks of deterioration of products and risks of fluctuating market prices. Precautions are taken to guard against any deterioration of

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products from excessive moisture, heat, contaminating metals, bacteria and fungi, insects, and rodents and against loss from fire and theft.

Whether a stored commodity is held by a farmer, a warehouseman, a processor, a wholesaler, or a retailer, the risk of a drop in the market price is always present. Various devices are used to shift the risk or to spread the risk. 5. Pricing is the determination of market values in terms of money. Buyers and sellers at a given time agree on a common value. Prices may vary from day to day or hour to hour, depending on demand and supply. 6. Exchange involves the transfer of ownership goods for money or goods for goods.

Although some barter exchange is practiced among countries. 7. Another service is the grading of products by recognized standards of quality. Grading helps farmers get fair prices for their products. It also permits commercial buyers to make purchases of such products as milk, butter 8. Wholesaling and retailing, two essential services, are performed on the widest scale possible. They reach every community. Wholesale assembly and distribution particularly is a key activity in the whole marketing system.

Retailing is the final link in the distribution chain. Several hundred thousand retail food stores and additional thousands of department, dry goods, and cigar stores and other specialty stores throughout the country satisfy day-to-day consumer requirements for food and other products of agricultural origin. Some facts about middlemen eliminate the middleman” we could lay claim to all the profits being extracted by them. In some cases there may,

indeed, be opportunities to operate further up the supply chain and reap financial rewards.

But in many cases, the so-called middleman (or woman) may be performing valuable services on behalf of producers that are essential to successful marketing. On the factual side, in production agriculture we typically have to assemble an adequate volume of raw product and convert it into a more marketable form. These assembly costs can include transportation of farm products from the farm to an assembly point where products may be stored, graded, or converted into a more marketable form. middlemen or intermediaries accomplish these assembly and distribution functions.

Some of the myths associated with “eliminating the middleman” can include: Myth: There are “too many” middlemen operating in the food and agriculture system. Fact: The number of middlemen or intermediaries is shrinking dramatically as the structure of the food and agriculture system changes. Major customers are requiring their producer-suppliers to perform many of the services previously accomplished by middlemen. This fact may be detrimental to small- to mid-sized producers in maintaining their access to important customers. ?????? Myth: If we simply eliminated the middlemen, we would automatically make more money.

Fact: Producers attempting to accomplish all of the assembly and distribution functions otherwise performed by intermediaries will need to bear that cost themselves. In some cases, producers may be able to perform those functions profitably but in many cases the actual costs of assembly and distribution are underestimated by producers, resulting in losses. ??????

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Myth: A confrontational or adversarial relationship is the only way to effectively deal with middlemen. Fact: More producers are figuring out ways to build fair, working relations with intermediaries for their mutual benefit.

Doing business with a middleman who effectively adds value to your product ensuring what your mutual customers want can result in a “win-win” outcome. Smart marketers strive to understand all of the costs associated with putting their product in a form the customer wants, as well as distributing it to the locations where and when their product is needed. This is easier said than done in today's changing economy but essential for profitable operations. Some producers may be in a position to accomplish all of the necessary assembly and distribution functions themselves or as a group.

However, for others not in that position, eliminating “middlemen” may not be as desirable at first glance as producers might think, unless they can accomplish all of those functions at a lower cost than those individuals or firms who performed those assembly and distribution. Reasons for below average performance of Indian farmers: Small fragmented holdings: Poor per hectare yields as compared to international standards ?????? Inferior quality produce Poor post harvest Seasonal dependence Multiple products in small quantities with heavy wastages ?????? Selling everything wholesale and buying everything in retail (no holding ?????? Capacity/storage facilities) Poor bargaining power 11.

Weak market intelligence Everything exploited by commission agent Causes for poor marketing of agricultural products in India: The various causes that

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led to poor marketing of agricultural products in The countries are
Fluctuations in agriculture prices and supplies (surpluses/scarcities)
Conflicting interests of farmers, middlemen and consumers ?????? Under
utilisation of resources such as rural godowns, market yards etc. ??????
Inadequate transportation, communication and information network. ??????
Other factors such as distribution, seasonability, perishability, and enormity of
production, storage lacks of processing make the problem of marketing more
complex.

Problem of plenty due to increased agricultural production leads to glut the
market and ultimately fall in price. ?????? Problem of scanty due to
inadequate production. in ?????? Result in rise in prices. Among these
problems, communication plays a vital role in determining the success or
failure of commercialization/ marketing of the agricultural produce in rural
India. Recommendation: Exporters, processors and cannot procure directly
from the farmers as the produce is required to be channelised through
regulated markets and licensed traders. There is, in the process, an enormous
increase in the cost of marketing and farmers end up getting a low price for
their produce. This can be reduced by allowing exporter to directly procure
the produce from farmers 2.

In order to provide dynamism and efficiency into the marketing system, large
infrastructure nearer to the farmers' field. 3. Improving the efficiency of the
marketing system and reducing the costs of marketing, particularly the
avoidable waste in the marketing chain. 4. to help value addition at the farm
and village level as well as at the secondary level for creating employment in

rural areas/small towns and for expansion of the demand for farm products

5. To segregate products according to quality and increase quality consciousness both among the farmers and actors along the value-chain.
6. Continuous evolution, perfection and transfer of science and technological inputs in agricultural marketing.
- 7.

There is a need for bringing uniformity in the state-level tax structure in agricultural commodities for improving the market efficiencies. Taxes and on raw agricultural commodities should be rationalized, with a ceiling percent. fees of 4 8. Human resource development for agricultural marketing all state Agricultural Universities should initiate degree and diploma in argi-marketing and agribusiness. Conclusion: Attempts to strengthen Indian agriculture must address not only farm production (farmers) but also processing, marketing, trade, and distribution. We must link farmers to markets. In this endeavour, marketing extremely important. Indian agricultural marketing have undergone several changes during the last decade.

However, in the emerging environment, these need many more changes for making he agricultural sector vibrant and responsive to the aspirations of the rural masses. The introduction of new instruments like contract farming and warehouse receipt system should be permitted. The system of training farmers by strengthening the marketing extension education network needs to be put in place. Instruments for insurance of farmers against production and price risks should be made an essential component of development Marketing and institutional credit systems have always remained critical for

agricultural development. Their role has been enhanced in the liberalized economic environment.