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Role of Agriculture Marketing in Economic Development in India

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Abstract

This paper is attempted to study the role of agriculture marketing in economic development in India and the hurdles faced by agriculture marketing. As agriculture plays an crucial role in the Indian economy it has to be strengthened through the agriculture marketing. As the contribution of agriculture sector to GDP is slowly declining the efforts has to be made to increase the contribution through an efficient agriculture marketing. This is possible only through the various government measures and by increasing the productivity. To make agriculture marketing effective and efficient identifying the problems becomes an important phenomenon.

Keywords: Agriculture Marketing, Efficiency, GDP, Problems, Rural Electrification.

1. Introduction to Agriculture Marketing

India is an Agrarian Economy and 70% of the population directly or indirectly rely on agriculture sector. Agriculture marketing is trading of agriculture products. Agriculture marketing is related to the services involved in moving the agriculture product from farmers to the consumers. It helps in planning, organising, directing, handling and distribution of agriculture goods. As in marketing the main objective is to satisfy the customer similarly agriculture marketing helps to satisfy the consumer as well as the farmer. It performs both the functions i.e. primary and secondary, The primary function is assembling, processing and distribution of goods from farmers to the consumer where as in secondary it performs the role of packaging, transporting, grading and standardisation, storage, financing and risk bearing. With all the functions it helps to create the employment opportunities in the country there by reducing the unemployment rate.

2. Objectives

The study has been undertaken with the following objectives

- 1.To study the Role of Agriculture Marketing in Economic development in India.
2. To analyse the Problems of agriculture marketing in India.



3. Literature Review

3.1 Raymond P. Christensen and Harold T. Yee (December 1964)

Analysed the role of agricultural productivity in economic development. The study focused on the agricultural sector in developed, developing and less developed countries. The study explored the various problems which affect economic productivity and how the agricultural productivity can play significant role in increasing national income and economic growth in a developed, developing and less developed country. The study concluded that the overwhelming size of agriculture and its penetrating links with other sectors, national economic development largely depends upon improvements in agricultural productivity.

3.2 Muhammad Ali Jan and Barbara Harriss -White (December 2012)

Explored the Three Roles of Agricultural Markets: A Review of Ideas about Agricultural Commodity Markets in India. The study reviewed agricultural commodity markets in India in relation to the three vital roles these markets are thought to play. It outlines the strengths and limitations of each approach and shows how they contribute to the workings of real markets. The paper also suggests a holistic view of markets, built on the basis of the insights of the complexity and diversity of real markets and depicts how it assist in realistic policy making. The study concluded that the agricultural markets have become the prime case and has been conceptualised as the vital component of rural economy.

3.3 Heather Kindness and Ann Gordon Natural Resources Institute (February 2001)

Agricultural Marketing in Developing Countries: The Role of NGOS and CBOS. In this study reviewed the experiences of non-governmental and community-based organisations in agricultural marketing initiatives. The study has emphasized on the NGOs targeting the rural poor, whose ability to access remunerative markets is a critical determinant of incomes and well-being. Also have highlighted examples of best practice, explore the policy implications of those intervention strategies. The study concluded that identification of appropriate intervention strategies in particularly disadvantaged areas; and a thorough review of experience with farmers' groups to identify required inputs and expected impacts, both direct and indirect will help in improving agricultural marketing.

3.4 John C. Abbott (1967)

In his study titled Agricultural Marketing Boards in the Developing Countries focused on Marketing boards and other public and semi public bodies with similar powers which play a strategic role in marketing in the majority of developing countries. The study laid special attention towards the nature of this role and ways of appraising the impact and efficiency of such boards. The study concluded that a better understanding of the different types of boards would help in determining the different problem.

3.5 Nidhi Yadav (January - March 2010)

The paper titled Agricultural Marketing and E- Governance : Strategies to Meet the Challenges in the 21st Century focused on the management of continuity and change forces for better implementation of e-Governance in the agriculture sector. Further the study emphasized on the Strategies for confluence of continuity and change to be generated by understanding the balance of continuity and change. The study concluded that it is required to leverage the momentum generated by continuity forces and opportunities created by change forces to meet the challenge of implementing effective and efficient e-Governance in the agriculture sector.



3.6 Dr S.V. Murugesan and Dr. M. Rajarajan (May 2016)

Explored the problem and prospect of agriculture market with respect to co-operative marketing, the problem faced by co-operative societies in India. The study identified that the major problem is availability of raw material and financial problem. Study concluded that the agriculture marketing and agri-business co-opeartives plays an important role for agricultural development so the government should take necessary steps to revive them and enable the agriculturist to get the maximum possible returns.

3.7 A Vadivelu and B.R. Kiran (30 August 2013)

Studied problems and prospects of agriculture marketing in India- an overview. He states that agriculture plays an significant role in economic development of nation. Farmers should be provided correct information as it is crucial to the farmers to make informed decisions about what to grow, when to harvest, to which market produce should be sent and whether or not to store it. The authors concluded that farmers have to be integrated and informed with market knowledge and to bring out important strategies through innovation and creative approaches.

4. Role of agriculture marketing in economic development in India

Agriculture marketing has a broader scope in terms of economic development. It helps the economy to grow in various ways, its role starts from producer to consumer. A good agriculture marketing should give the fair return for his produced goods, secondly it should provide a standardised and good quality product to the consumer for consumption. If satisfaction level of consumer increases they will buy more and by this way the demand will increase for the agriculture products there by the national income will increase. It also plays a role in making the products more competitive to compete in the Global market. Following are the some of the important role it plays towards the economic development.

4.1 Benefiter to GDP

In developing country like India agriculture marketing plays an important role. As it provides employment in the nation it requires employee and workers for marketing, assembling, packaging and distribution. Secondly an efficient agriculture marketing also helps the agriculture-based industries to grow by providing good quality raw material and by eliminating breakdowns in production. Efficiency in the agriculture marketing is possible due to various initiatives taken by the developing countries like advisory and promotion boards which aims to carry out market research and sales promotion it guides on product varieties, packing method and standards for grading. 70% of the population depends upon agriculture sector for employment.

4.2 Increase in farmer income

Agriculture marketing boost the farmers income by giving better prices to the farmers agricultural products, ensuring fair returns to the farmers cannot be neglected and farmers have to receive the correct market information about the products. The Directorate of Marketing and Inspection (DMI), as a part of ministry of agriculture and the Government of India approved AGMARKNET launched in March 2000 for making the farmers decision making capacity strong improving decision-making capability and strengthening the bargaining power of farmers.



4.3 Development of infrastructure

Agriculture marketing helps the economy to grow in terms of infrastructure. Marketing activities has growth because of the development of regulated markets. Development of infrastructure has been done through International Development Agency (IDA) which helped to developed 50 regulated markets of Bihar by providing finance. In rural area it helped by restoring water bodies and water harvesting.

4.4 Helps to strengthen Foreign Export

A good quality product helps to boost the agriculture export of the country. The demand for export can increase if there is proper packaging, standardisation and grading for the product. Agriculture marketing helps to improve the quality of the product by doing market survey and inspection of the agriculture produce. Good products help to fetch the good prices in the domestic market as well as foreign market and hence helps to increase export and opportunity of earning more foreign reserves.

4.5 Increases Productivity

Productivity can be measured as the ratio of agriculture output to agriculture input. If the products are really good they will have more demand for the product, more the demand more the production, productivity increases and this leads to economic growth. Agriculture marketing mobilises the resources it motivates the public to save their hard earn money and invest in agriculture and marketing.

4.6 Reduces unemployment rate

Agriculture marketing helps to reduce unemployment rate by creating more employment opportunities in the country. Employment helps to increase the purchasing power of people and there by increasing the standard of living which leads to growth in the economy.

4.7 Raises consumer satisfaction

As the main objective of marketing is to satisfy the consumer, agriculture marketing helps to provide better quality and quantity of agricultural product. Since customers get quality product the satisfaction level of the customer increases. Again, agro-based industries get the good quality raw material hence the output what customers get is of good quality. This is possible because of agriculture marketing as it helps to reduce malpractices, adulteration, and looks for the standard product.

5 Problem faced by Agriculture Marketing

Since India is a developing nation the country is lacking in terms of infrastructure. Though we say government is implementing various schemes and Acts, it is not enough as India is a big country every scheme and policy has not reached every corner of the country. Specially the markets are very scattered so marketing of products and creating awareness becomes a major problem. Because of all this problems farmer are missing the opportunity to earn fair returns. Following are some of the problem came across during the study period.

5.1. Deficiency of transport and communication facility

This problem basically arises in the rural areas. While moving the goods from producer to the consumer transport becomes a hurdle as in villages there is no proper transport facility. On the other hand communication also becomes a problem while communicating with the farmers the marketer should know their vernacular language which becomes difficult as according to census 2011 India has 122 major languages and 1599 other languages. Most of the farmers are illiterate hence it becomes difficult to



communicate with them and to provide various information about market. Major communication media is Radio and newspaper because of poor infrastructure other media cannot be used.

5.2. Poor Enactment of the APMC Act

Because of deception and monopoly among traders and middlemen markets are not working in favour of farmers. According to a parliamentary panel report 2019 “the model APLM (Agricultural produce and Livestock Marketing) Act, 2017 was meant to facilitate market access and provide freedom to the producers to sell their produce to the consumers has been adopted by just two states —Punjab and Uttar Pradesh. So, a radical reform in APMC (Agriculture Produce marketing committee) Act is required to ensure justice for farmers in the country”, so it means that others states are lacking with such facilities and ultimately it creates problem in marketing agricultural goods.

5.3. Deficiency of warehousing facility

warehousing is major problem in India as well as worldwide. Lack of proper warehousing facilities in the villages creates the problem for the storage of agriculture produce. Farmers are not able to store the product for longer period of time to fetch good prices. They have to store the produce in unscientific methods like pits, kutchha storehouses, mud-vessels, etc which leads to devastation of produce. The state and central warehouses are not enough, So government have to take more initiative to construct more warehouses in and cold storage facilities in order to improve the agriculture marketing.

5.4. Lack of Remunerative prices

Food Corporation of India (FCI) and state government agencies are one of the main platforms available to the farmers for sale of agriculture produce specially for the products like wheat and Rice. According to Dalwai Committee Report 2018 “this agencies able to procure only 358.82 million tonnes of wheat as against a production of 1,340.02 million tonnes (26.77 per cent) and 487.60 million tonnes of rice as against a production of 1,557.75 million tonnes (31.30 per cent) during Financial Years 2002-03 to 2017-18.” This implies that from year 2002 around 69-73% of the agricultural produced was sold to other agency and that too below the Minimum Support price.

5.5. Poor Rural electrification

Electrification is an essential infrastructure for the production of agricultural products and ultimately it is related to agriculture marketing. Availability of ample power supply is must for the implementation of perennial irrigation in agricultural fields. Through electricity villagers will be able to use water for domestic purpose and for pumping water from wells, hence cost can be effectively reduced pumping water for irrigation by electric power will help to increase the production. To carry out the agricultural work in mechanised way power connection is must.

5.6. Lack of direct and co-operative marketing

In India though there is concept of Direct and co-operative marketing but till now there has been no popularity for use of such marketing which affects the farmers returns.

Conclusion

To sum up as India is an Agrarian Economy, till now most of the activities are related to production and distribution so now it is high time to think in an innovative way and to originate new ideas to add more value to the services which will give new direction to the economy to grow rather than the traditional methods. Farmers or cultivators should be motivated to go for direct and co-operative marketing to fetch



the fair and better prices. Secondly only production is not enough various measures has to be taken to move the goods from farmer to the consumer. The Government needs to spend more on Rural areas to develop infrastructure, transport and communication facilities to strengthen the rural agriculture market. Due to Globalisation agricultural goods have to be made competitive enough to compete in the global market as the low quality goods are not able to meet the standards of foreign countries. There is need to convey the accurate market information to the farmers. Since the Indian markets are scattered markets long distribution channels are used which leads to high commission by the middlemen as they buy at low rate from farmers and sell at high rates in the market.

Suggestions

1. There is no doubt that government is putting lot of efforts to improve the agriculture marketing but with the introduction of various scheme the authority should look into the matter whether the schemes are actually reaching to the farmers or not really, they are benefiting or not.
2. There should be a stern action against the marketers and hoarders who are indulging into malpractices, adulteration.
3. Farmers should be encouraged for direct and co-operative marketing
4. As no other country has intelligent, less costly and abundant workforce like India, the agriculture sector have to make proper use of human resources for economic growth.
5. Agricultural goods have to be made more productive in order to trade in Global market, the goods should be standardised.

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