

STUDY MATERIAL FOR NCWEB, HANSRAJ COLLEGE CENTRE

University of Delhi, For 28th March 2020

B.A. (Prog) IIIrd Year, Section - A, Room No.- A101 (09:40-10:40)

By – ANUJ KUMAR (ECONOMICS)

anuj1990srcc@gmail.com

PAPER – ECONOMICS

SECTION – B , UNIT – 1 AGRICULTURE

AGRICULTURAL MARKETING –

It is the most important activity of farming practice and does not simply cover the sale of agricultural production only. Instead it includes all activities which are related to the storage, grading, transporting and selling of agricultural produce.

“Agricultural marketing comprises all operations involved in the movement of farm produce from the producer to ultimate consumer.”

- Faruque

A timely and remunerative sale of agricultural produce motivates the farmers to devote more investment and labour in the field of agriculture. On reverse, in the absence of proper marketing facilities, farming population fail to get a fair price of their produce and consider farming merely a source of subsistence.

DEFECTS OF AGRICULTURAL MARKETING IN INDIA –

1) Presence of Intermediaries –

There is a long chain of intermediaries between the farmer and final consumer. In markets the farmers have to use the services of brokers to sell his output to the traders. Therefore, a fair share of profit goes to these intermediaries which otherwise would have accrued to the farmers.

2) Lack of Collective Bargaining –

There are large number of small and marginal farmers who do not approach market in unity. Often they bring and bargain their produce individually which result in low price and high transportation cost.

3) Defective Weighing and Grading system –

One more thing that is mostly observed in Indian agricultural markets is malpractices. These relate to defective weighing and grading measures used in markets which lead to underestimate the value of the produce.

4) Lack of Storage Facilities –

Sometimes the conditions in the market are such that the farmers may have to wait for some time before they may be able to dispose of their produce. But due to insufficient and improper storage, they are often forced to dump their produce even below prevailing price.

5) Lack of Transport Facilities –

There is a general lack of economic and rapid means of transportation between fields and markets. Due to which average and poor farmer is compelled to sell his output to local moneylenders or traders at unfavourable time and terms.

6) Lack of Credit Facilities –

For their financial needs small farmers depend on local traders and moneylenders. These moneylenders often give loans on the condition that produce would be sold to them directly. Accordingly, such distress sales continue to weaken the already miserable position of Indian farmers.

GOVERNMENT MEASURES TO REMOVE DEFICIENCIES –

1) Setting-up of Special Boards -

The central government has set up a number of development councils for special commodities, like – rice, pulses, oilseeds etc. The government has also set up export promotion councils such as Cashew Export Promotion Council. Under this support, export of agricultural products has shown an increasing trend in recent years i.e. around 12 to 15 percent.

2) Co-operative Marketing Societies –

The government has given active encouragement to the organisation of multi-purpose co-operative societies with emphasis on credit and marketing. These are organised for the collective sale of the produce of their members which remove the need of middlemen. National Agricultural Co-operative Marketing Federation (NAFED) was set up in 1964 to coordinate the activities of various marketing societies.

3) Standardisation of Weights and Grading –

For developing uniform and fair weighting system in different parts of the country, the government introduced metric system of weights and measures in 1958. Weight inspectors were appointed for supervision and old weights and measures were abolished. The government has also set up grading standards for commodities under the Agricultural Produce (Grading and Marketing) Act, 1937. On the recommendations of the Planning Commission, grading of agricultural produce was made compulsory for exports and various 'AGMARK' centres have been opened for the standardisation.

4) Provision of Warehousing Facilities –

To prevent distress sale by small and marginal farmers rural godowns have been set up. The Central Warehousing Corporation was set up with the purpose of constructing and running godowns for the storage of agricultural produce. The total storage capacity in the country is now 35 million tonnes.

5) Means of Transport –

Road transport plays an important role in agricultural marketing. Means of transport have been developed during the last three five year plans. There is a direct relation between export crop cultivation and standard of roads. India's road infrastructure has seen consistent improvement during last decade. The Ministry of Road Transport and Highways has taken up the responsibility of building quality roads and highways across the country.

6) Setting-up of Regulated Markets -

A very important measure which government has taken to improve marketing system has been the setting up of regulated markets in the country. With the establishment of these regulated markets the malpractices in the mandis have disappeared and the market charges have been rationalised. As much as 80 percent of produce is now sold in regulated markets.

CO-OPERATIVE MARKETING –

The co-operative agricultural marketing system is of special significance in respect of agricultural development in India. Co-operative marketing societies are those which are formed on the basis of mutual trust and co-operation of farmers for their common wellbeing. The members of the society sell their surplus produce to the society. As soon as they supply produce to the society, they get an advance to carry on with their agricultural operations. The society collects the produce of all its members as also of the non-members of the village, process the produce then disposes it of in the mandi.

These societies also help farmers in doing away with many of the middlemen. If the current prices are not favourable and if it is anticipated that prices may rise in the future, the society may decide to store the commodity. When produce is sold, the society pays farmers the balance of amount due to them. Usually a society covers a number of villages so that it may be effective and successful.