



# Agricultural Marketing and Government Initiatives in India

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## Abstract:

*India's agricultural GDP is estimated to contribute around 16% to the country's GDP. Agriculture is a major source of employment in India, employing over 42% of the population. Agricultural marketing plays a vital role in connecting farmers to consumers, ensuring food security, and driving economic growth. This research focuses on agricultural marketing, exploring innovative solutions to enhance efficiency, sustainability, and equity. However, agricultural marketing in India faces numerous challenges, including inefficient supply chains, limited market access, and price volatility. To address these issues, the Indian government has launched various initiatives aimed at improving agricultural marketing infrastructure, enhancing farmer incomes, and promoting sustainable agricultural practices.*

**Keywords** *Agricultural Marketing, Government Schemes, Initiatives*

## 1. Introduction

Indian economy is based on agriculture as it is a crucial sector for providing raw materials for rapid industrial development while providing basic ingredients to mankind. As part of the rural economy, agriculture offers great employment and entrepreneurship opportunities to rural youths, besides manufacturing sectors. Agriculture sector in India has directly or indirectly continued to be the source of livelihood for majority of the population. Several efforts have been made to increase and maintain the growth rate of agricultural sector to 4% per annum. Despite these efforts, the average growth rate has languished around 2%-3% in the last decade. One of the primary reasons for this stagnated growth has been cited as 'Poor Agricultural Marketing'. The reforms in agricultural marketing envisaged by the recent legislations further verify the importance of the sector.

## 2. What is Agricultural marketing?

- Agricultural marketing comprises all operations involved in the movement of farm produce from the producer to the ultimate consumer.
- It includes the operations such as collecting, grading, processing, preserving, transportation and financing.
- The actors in product marketing include farmers, traders, wholesalers, processors, importers, exporters, marketing cooperatives, regulated market committees and retailers.

## 3. Agricultural Marketing in India An Overview

The history of regulation of agricultural markets in India can be traced to the recommendations of the Royal Commission on Agriculture in 1928, which found its way into the Model Bill of 1938. Upon the independence of India, the Agricultural Produce Marketing Regulation (APMR) Act was constituted, which proved to be a landmark legislative instrument for state regulation of agriculture in India. It had provided the state governments in India with the choice to form of the Agricultural Produce Marketing Committees (APMCs), which was adopted by many states in the 1960s. At the time of their formation, and many years thereafter, APMCs were hailed as an innovative and democratic solution towards ensuring better prices of agricultural produce through auctions and protection of the farmers from the high cost of marketing and loss of produce. The APMC, also referred to as mandi, is the physical market

infrastructure which is found in all states in India (except Jammu and Kashmir, Bihar, Kerala and Manipur). They serve as physical entities which regulate market practices such as weighing, methods of sale, methods of grading and methods of payment. To date, there are 7,246 functioning mandis in India

#### **4. Various marketing Methods**

##### **4.1 Rural Primary markets**

- Periodic markets or haats and fairs (melas, jattras) are the major rural markets in India.
- Rural Primary Markets include mainly the periodical markets known as haats, shandies, painths and fairs.
- The producers sell their produce directly to the consumers or to small rural retailers.

The Wholesale/Assembling Markets or the secondary markets numbering 6359 constitute the cardinal link in the market structure of the country

##### **4.2 Cooperative Marketing**

- The co-operative marketing is an alternative to private dealers with the main objective of securing a large share of profits for the producer.
- The main objective of establishing a co-operative marketing are
- Encourage the intelligent and orderly marketing of agricultural produce.
- To eliminate speculation and waste.
- To make distribution of agricultural products between producer and consumer as direct as can be efficiently done.
- To stabilize the marketing of agricultural productions.

##### **4.3 Contract Farming**

- Contract farming can be defined as agricultural production carried out according to an agreement between a buyer and farmers, which establishes conditions for the production and marketing of a farm product or products.
- Typically, the farmer agrees to provide agreed quantities of a specific agricultural product.

##### **4.4 Commodity Market**

- Commodity Market is about trading of precious metals, energy, oil, spices & so on.

##### **4.5 Commodity markets in India**

- National Commodity & Derivative Exchange.
- Multi Commodity Exchange (largest commodity futures exchange in India).
- National Multi Commodity Exchange of India.

##### **4.6 Future Market**

- Derivatives are financial instruments with a price that is dependent upon or derived from one or more underlying assets.
- In futures contract buyer has the obligation to purchase a specific asset, and the seller has to sell and deliver that asset at a specific future date.
- Agri-futures markets are considered to be one of the ways to ensure appropriate farm prices.

#### **5. Issues of current Agricultural marketing in India**

##### **5.1 Too many middlemen**

- Presence of too many middlemen result in higher cost of marketing of agriculture produce.
- The customer ends up paying high amount whereas the producer hardly receives adequate remuneration for his efforts.
- As per a study the share of middlemen in case of rice was 31 per cent, in case of vegetable was 29.5 per cent and in case of fruits was 46.5 per cent.

### **5.2 Lack of storage facilities in markets**

- There is no proper storage or warehousing facilities for farmers in the villages where they can store their agriculture produce.
- Thus, causing farmers to sell their surplus produce at very low and un-remunerative price.

### **5.3 Inadequate Transportation facilities**

- Poor road transportation facilities and links in rural areas affect movement of agriculture produce.
- Indian farmers cannot reach nearby mandis to sell their produce at a fair price.

### **5.4 Lack of Institutional Financing**

- Inadequate availability of institutional finance, causes farmers to acquire credit from non-institutional sources such as moneylenders etc.
- These put unfavourable terms on farmers, causing them to be on a permanent debt trap.

### **5.5 Absence of grading and standardisation**

- Lack of knowledge of grading affects Indian farmers to fetch good price Indian farmers.

### **5.6 Absence of market information**

- There is absence of market intelligence or information system in India. Indian farmers are not aware of the ruling prices of their produce prevailing in big markets.

### **5.7 Unregulated local markets**

- Prevalence of false weights and measures and lack of grading and standardization of products in village markets in India is affecting fair and transparent business.

### **5.8 Adulteration of Commercial Crops**

- Adulteration i.e., mixing of inferior produce freely with superior produce is very common.
- Barley and other grains are mixed with wheat. Stones and pebbles are mixed with rice and other grains.
- Adulteration in cash crops and food-crops has assumed tremendous proportion in India.

## **6. Government has taken many steps to improve agriculture marketing**

### **6.1 Agricultural Produce Market Committee (APMC)**

- An APMC is a marketing board established by a state government in India to ensure
- Farmers are safeguarded from exploitation by large retailers,
- The farm to retail price spread does not reach excessively high levels.

### **6.2 National Agricultural Cooperative Marketing Federation of India Ltd (NAFED)**

- NAFED is an apex organization of marketing cooperatives for agricultural produce in India
- NAFED is the nodal agency to implement price stabilization measures under "Operation Greens" which aims to double the farmers' income by 2022.

### **6.3 Agarmarknet**

- The AGMARKNET is a G2C e-governance portal.
- It caters to the needs of various stakeholders such as farmers, industry, policy makers and academic institutions by providing agricultural marketing related information from a single window.

### **6.4 Kisan Rail**

- Kisan Rails are multi commodity trains consisting of refrigerated coaches to swiftly transport perishable agriculture products from supply centers to demand centers.

## 7. Schemes

### 7.1 Pradhan Mantri Annadata Aay SanraksHan Abhiyan (PMAASHA)

- PM-AASHA was launched to ensure adequate prices to farm produce. It was launched in 2018. It had 3 components
- Price Support Scheme (PSS)
- Price Deficiency Payment Scheme (PDPS)
- Private Procurement & Stockist Scheme (PDPS).

### 7.2 Pradhan Mantri Fasal Bima Yojana (PMFBY)

- PMFBY was introduced to provide better insurance coverage for agricultural crops.

### 7.3 E-NAM

- National Agriculture Market (E-NAM) is pan-India electronic trading portal linking existing APMC mandis to create a unified national market for agricultural commodities.

### 7.4 Storage

- Government has taken numerous steps to construct warehouses across countries. It has also involved Co-operative Societies in doing so.

### 7.5 Commodity Boards

- Commodity Boards were setup to operate for rubber, coffee, tea, tobacco, spices, coconut, oilseed and vegetable oils, horticulture etc.
- The National Dairy Development Board is also engaged in the marketing of agricultural commodities.

## 8. Suggestions

- Steps need to be taken to eliminate middlemen are required.
- Provide easy finance facility for farmers to deal with the problem of moneylenders.
- Build adequate warehousing and storage facilities.
- Legislative actions to regulate markets and remove the influence of middlemen on farmers.
- Take steps to improve transportation connectivity such as roads, railways, waterways etc.
- Steps to pass pricing information about agriculture commodities on a daily basis through a wide range of information dissemination sources.
- Carrying out Land Reforms to plug in loopholes in existing land legislations.

## 9. Conclusion

Indian agriculture is moving from commoditization to commercialization, which demands that agriculture sector now be looked through the marketing lens. India has several ingredients needed for a strong agricultural market Such as- largest network of agri-business cooperatives in the world, high production potential and growing participation of private sector. These ingredients in collaboration with complementary institutional structure adequate regulatory support and effective use of modern ICT tools can bring out the solutions needed for agricultural marketing.

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