



## Agricultural Marketing in India: Problems and Remedies

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### Concept of Agricultural Marketing:

Agricultural marketing system is an efficient way by which the farmers can dispose their surplus produce at a fair and reasonable price. Improvement in the condition of farmers and their agriculture depends to a large extent on the elaborate arrangements of agricultural marketing. The term agricultural marketing include all those activities which are mostly related to the procurement, grading, storing, transporting and selling of the agricultural produce. "Agricultural marketing comprises all operations involved in the movement of farm produce from the producer to the ultimate consumer. Thus, agricultural marketing includes the operations like collecting, grading, processing, preserving, transportation and financing."

### Present State of Agricultural Marketing in India:

In India four different systems of agricultural marketing are prevalent:

#### 1. Sale in Villages:

The first method open to the farmers in India is to sell away their surplus produce to the village moneylenders and traders at a very low price. The moneylender and traders may buy independently or work as an agent of a bigger merchant of the nearby mandi. In India more than 50 per cent of the agricultural produce are sold in these village markets in the absence of organized markets.

#### 2. Sale in Markets:

The second method of disposing surplus of the Indian farmers is to sell their produce in the weekly village markets popularly known as 'hat' or in annual fairs.

#### 3. Sale in Mandis:

The third form of agricultural marketing in India is to sell the surplus produce through mandis located in various small and large towns. There are nearly 1700 mandis which are spread all over the country. As these mandis are located in a distant place, thus the farmers will have to carry their produce to the mandi and sell those produce to the wholesalers with the help of brokers or 'dalals'. These wholesalers or mahajans again sell those farm produce to the mills and factories and to the retailers who in turn sell these goods to the consumers directly in the retail markets.

#### 4. Co-operative Marketing:

The fourth form of marketing is the co-operative marketing where marketing societies are formed by farmers to sell the output collectively to take the advantage of collective bargaining for obtaining a better price.

### Defects of Agricultural Marketing in India:

Following are some of the main defects of the agricultural marketing in India:

**1. Lack of Storage Facility:**

There is no proper storage or warehousing facilities for farmers in the villages where they can store their agriculture produce. Every year 15 to 30 per cent of the agricultural produce are damaged either by rats or rains due to the absence of proper storage facilities. Thus, the farmers are forced to sell their surplus produce just after harvests at a very low and unremunerative price.

**2. Distress Sale:**

Most of the Indian farmers are very poor and thus have no capacity to wait for better price of his produce in the absence of proper credit facilities. Farmers often have to go for even distress sale of their output to the village moneylenders-cum-traders at a very poor price.

**3. Lack of Transportation:**

In the absence of proper road transportation facilities in the rural areas, Indian farmers cannot reach nearby mandis to sell their produce at a fair price. Thus, they prefer to sell their produce at the village markets itself.

**4. Improper Warehouses:** There is an absence of proper warehousing facilities in the villages. Therefore, the farmer is compelled to store his products in pits, mud-vessels, "Kutchra" storehouses, etc. These unscientific methods of storing lead to considerable wastage. Approximately 1.5% of the produce gets rotten and becomes unfit for human consumption. Due to this reason supply in the village market increases substantially and the farmers are not able to get a fair price for their produce. The setting up of Central Warehousing Corporation and State Warehousing Corporation has improved the situation to some extent

**5. Lack of Grading and Standardization:** Different varieties of agricultural produce are not graded properly. The practice usually prevalent is the one known as "dara" sales wherein heap of all qualities of produce are sold in one common lot Thus the farmer producing better qualities is not assured of a better price. Hence there is no incentive to use better seeds and produce better varieties.

**6. Inadequate Transport Facilities:** Transport facilities are highly inadequate in India. Only a small number of villages are joined by railways and pucca roads to mandies. Produce has to be carried on slow moving transport vehicles like bullock carts. Obviously such means of transport cannot be used to carry produce too far-off places and the farmer has to dump his produce in nearby markets even if the price obtained in these markets is considerably low. This is even truer with perishable commodities.

**7. Presence of a Large Number of Middlemen:** The chain of middlemen in the agricultural market is so large that the share of farmers is reduced substantially.

**8. Malpractices in Unregulated Markets:** Even now the number of unregulated markets in the country is substantially large. Arhatiyas and brokers, taking advantage of the ignorance, and illiteracy of the farmers, use unfair means to cheat them. The farmers are required to pay arhat (pledging charge) to the arhatiyas, "tulaii" (weight charge) for weighing the produce, "palledari" to unload the bullock-carts and for doing other miscellaneous types of allied works, "garda" for impurities in the produce, and a number of other undefined and unspecified charges.

**9. Inadequate Market Information:** It is often not possible for the farmers to obtain information on exact market prices in different markets. So, they accept whatever price the traders offer to them. With a view to tackle this problem the government is using the radio and television media to broadcast market prices regularly. The news papers also keep the farmers posted with the latest changes in prices.

**10. Inadequate Credit Facilities:** Indian farmer, being poor, tries to sell off the produce immediately after the crop is harvested though prices at that time are very low.

**11. Unfavourable Mandis:**

The condition of the mandis are also not at all favourable to the farmers. In the mandis, the farmers have to wait for disposing their produce for which there is no storage facilities. Thus, the farmers will have to take help of the middleman or dalal who take away a major share of the profit, and finalizes the deal either in his favour or in favour of arhatiya or wholesalers. A study made by D.S. Sidhu revealed that 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.

**12. Intermediaries:**

A large number of intermediaries exist between the cultivator and the consumer. All these middlemen and dalals claim a good amount of margin and thus reduce the returns of the cultivators.

**13. Unregulated Market's:**

There are huge number of unregulated markets which adopt various malpractices. Prevalence of false weights and measures and lack of grading and standardization of products in village markets in India are always going against the interest of ignorant, small and poor farmers.

**14. Lack of Market Intelligence:**

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. Thus, they have to accept any un-remunerative price for their produce as offered by traders or middlemen.

**15. Lack of Organisation:**

There is lack of collective organisation on the part of Indian farmers. A very small amount of marketable surplus is being brought to the markets by a huge number of small farmers leading to a high transportation cost. Accordingly, the Royal Commission on Agriculture has rightly observed, "So long as the farmer does not learn the system of marketing himself or in cooperation with others, he can never bargain better with the buyers of his produce who are very shrewd and well informed."

**16. Lack of Grading:**

Indian farmers do not give importance to grading of their produce. They hesitate to separate the qualitatively good crops from bad crops. Therefore, they fail to fetch a good price of their quality product.

**17. Lack of Institutional Finance:**

In the absence of adequate institutional finance, Indian farmers have to come under the clutches of traders and moneylenders for taking loan. After harvest they have to sell their produce to those moneylenders at unfavourable terms.

**18. Unfavourable Conditions:**

Farmers are marketing their product under adverse circumstances. A huge number of small and marginal farmers are forced by the rich farmers, traders and moneylenders to fall into their trap to go for distress sale of their produce by involving them into a vicious circle of indebtedness. All these worsen the income distribution pattern of the village economy of the country.

**Remedial Measures for Improvement of Agricultural Marketing:**

Improvement of the agricultural marketing in India is utmost need of the hour.

**The following are some of the measures to be followed for improving the existing system of agricultural marketing in the country:**

- (i) Establishment of regulated markets.
- (ii) Establishment of co-operative marketing societies.
- (iii) Extension and construction of additional storage and warehousing facilities for agricultural produce of the farmers.
- (iv) Expansion of market yards and other allied facilities for the new and existing markets.

- (v) Provision is made for extending adequate amount of credit facilities to the farmers.
- (vi) Timely supply of marketing information's to the farmers.
- (vii) Improvement and extension of road and transportation facilities for connecting the villages with mandis.
- (viii) Provision for standardisation and grading of the produce for ensuring good quality to the consumers and better prices for the farmers.
- (ix) Formulating suitable agricultural price policy by the Government for making a provision for remunerative prices of agricultural produce of the country.