



## Marketing Of Agricultural Goods And Its Problems-A Study.

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**Abstract:** Agriculture plays a pivotal role in the economic development of a nation. Agriculture is fundamentally different from industry. The marketing of farm products is a complex process. Agricultural marketing involves many activities and processes through which the nutriment and raw material move from the farm to the final consumers. The marketing system should be so designed as to give proper reward to the efforts of the agriculturist. But unfortunately, in India, the middlemen enjoy the benefits at the cost of disability, illiteracy of the poor Indian farmers. This paper focuses to know the problems faced by the farmers in the marketing of agriculture goods and to offer valid suggestions to overcome the problems faced by the Indian farmers at the time of marketing their produced goods.

**Key Words:** Agriculture Marketing, Farmers, Problems of Farmers, Middlemen & Farm Products

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### I. Introduction:

Agriculture plays a pivotal role in the economic development of a nation. Agriculture is the backbone of an agriculture country, like India. India's prosperity depends upon the agricultural development. Agriculture is basically different from industry. The marketing of farm products is a complex process. In our country the farmers produced various and varied types of agricultural commodities. Agriculture is the largest and the most important sector of the Indian economy. The agricultural sector in India is the largest sector in the country's economy. Agriculture sector contributes nearly 18.5% to India's Gross Domestic Product, and it contributes nearly 13% of the country's total export.

#### Agriculture Marketing:

Agricultural marketing involves many activities and processes through which the nutriment and raw material move from the agriculture land to the final consumers. Agriculturist supplies goods for consumption and for exports and manufacturing sectors. The marketing system should be so designed as to give proper reward to the efforts of the agriculturist. But unfortunately, in our country, the middlemen enjoy the benefits at the cost of disability, illiteracy of the poor Indian agriculturists. A little part of the price paid by buyers reaches the farmers while the big part is engulfed by the middlemen. Farmers are suffering mainly in securing reasonable price for their produce.

**Agricultural Marketing:** Concept and Definition: The term agricultural marketing is composed of two words-agriculture and marketing. Agriculture, in the broadest sense, means activities aimed at the use of natural resources for human welfare, i.e., it includes all the primary activities of production. But, generally, it is used to mean growing and/or raising crops and livestock. Marketing connotes a series of activities involved in moving the goods from the point of production to the point of consumption. It includes all the activities involved in the creation of time, place, form and possession utility. According to Thomsen, the study of agricultural marketing comprises all the operations, and the agencies conducting them, involved in the movement of farm-produced foods, raw materials and their derivatives.

**Objectives of the Study:** A study of the agricultural marketing system is necessary to an understanding of the complexities involved and the identification of bottlenecks with a view to providing efficient services in the transfer of farm products and inputs from producers to consumers.

**Scope and Subject Matter of Agricultural Marketing:** Agricultural marketing in a broader sense is concerned with:

- The marketing of farm products produced by farmers
- The marketing of farm inputs required by farmers in the production of farm products.

### **Subject of agricultural marketing**

This includes product marketing as well as input marketing. The subject of output marketing is as old as civilization itself. The importance of output marketing has become more conspicuous in the recent past with the increased marketable surplus of the crops following the technological breakthrough. The farmers produce their products for the markets. Input marketing is a comparatively new subject. Farmers in the past used such farm sector inputs as local seeds and farmyard manure. These inputs were available with them; the purchase of inputs for production of crops from the market by the farmers was almost negligible. The new agricultural technology is input-responsive. Thus, the scope of agricultural marketing must include both product marketing and input marketing.

Specially, the subject of agricultural marketing includes marketing functions, agencies, channels, efficiency and costs, price spread and market integration, producers surplus, government policy and research, training and statistics on agricultural marketing.

**Difference in Marketing of Agricultural and Manufactured Goods:** The marketing of agricultural commodities is different from the marketing of manufactured commodities because of the special characteristics. The special characteristics which the agricultural sector possesses, and which are different from those of the manufactured sector, are:

**1. Perish ability of the Product:** Most farm products are perishable in nature; but the period of their perishability varies from a few hours to a few months.

**2. Seasonality of Production:** Farm products are produced in a particular season; they cannot be produced throughout the year. In the harvest season, prices fall. But the supply of manufactured products can be adjusted or made uniform throughout the year. Their prices therefore remain almost the same throughout the year.

**3. Bulkiness of Products:** The characteristic of bulkiness of most farm products makes their transportation and storage difficult and expensive. This fact also restricts the location of production to somewhere near the place of consumption or processing. The price spread in bulky products is higher because of the higher costs of transportation and storage.

**4. Variation in Quality of Products:** There is a large variation in the quality of agricultural products, which makes their grading and standardization somewhat difficult. There is no such problem in manufactured goods, for they are products of uniform quality.

**5. Irregular Supply of Agricultural Products:** The supply of agricultural products is uncertain and irregular because of the dependence of agricultural production on natural conditions. With the varying supply, the demand remaining almost constant, the prices of agricultural products fluctuate substantially.

**6. Small Size of Holdings and Scattered Production:** Farm products are produced throughout the length and breadth of the country and most of the producers are of small size. This makes the estimation of supply difficult and creates problems in marketing.

**7. Processing:** Most of the farm products have to be processed before their consumption by the ultimate consumers. This processing function increases the price spread of agricultural commodities.

**Importance Of Agricultural Marketing:** Agricultural marketing plays an important role not only in stimulating production and consumption, but in accelerating the pace of economic development. Its dynamic functions are of primary importance in promoting economic development.

**Optimization of Resource use and Output Management:** An efficient agricultural marketing system leads to the optimization of resource use and output management. An efficient marketing system can also contribute to an increase in the marketable surplus by scaling down the losses arising out of inefficient processing, storage and transportation.

**Increase in Farm Income:** An efficient marketing system ensures higher levels of income for the farmers by reducing the number of middlemen or by restricting the commission on marketing services and the malpractices adopted by them in the marketing of farm products. An efficient system guarantees the farmers better prices for farm products and induces them to invest their surpluses in the purchase of modern inputs so that productivity and production may increase.

**Widening of Markets:** A well-knit marketing system widens the market for the products by taking them to remote corners both within and outside the country, i.e., to areas far away from the production points. The widening of the market helps in increasing the demand on a continuous basis, and thereby guarantees a higher income to the producer. Growth of Agro-based Industries: An improved and efficient system of agricultural marketing helps in the growth of agro-based industries and stimulates the overall development process of the economy.

**Price Signals:** An efficient marketing system helps the farmers in planning their production in accordance with the needs of the economy.

**Adoption and Spread of New Technology:** The marketing system helps the farmers in the adoption of new scientific and technical knowledge. New technology requires higher investment and farmers would invest only if they are assured of market clearance.

**Employment:** The marketing system provides employment to millions of persons engaged in various activities, such as packaging, transportation, storage and processing, etc.

**Addition to National Income:** Marketing activities add value to the product thereby increasing the nation's gross national product and net national product.

**Better Living:** The marketing system is essential for the success of the development programmes which are designed to uplift the population as a whole.

**Creation of Utility:** Marketing adds cost to the product; but, at the same time, it adds utilities to the product. The following four types of utilities of the product are created by marketing:

**(a) Form Utility:** The processing function adds form utility to the product by changing the raw material into a finished form. With this change, the product becomes more useful than it is in the form in which it is produced by the farmer.

**(b) Place Utility:** The transportation function adds place utility to products by shifting them to a place of need from the place of plenty. Products command higher prices at the place of need than at the place of production because of the increased utility of the product.

**(c) Time Utility:** The storage function adds time utility to the products by making them available at the time when they are needed.

**(d) Possession Utility:** The marketing function of buying and selling helps in the transfer of ownership from one person to another. Products are transferred through marketing to persons having a higher utility from persons having a low utility.

**Problems in the Marketing of Agricultural Goods:**

There are lots of problems in the marketing of agricultural goods. They are:

**Lack of Finance:**

To finance seasonal requirements more finance is necessary in a particular period. Financial need also varies from year to year depending upon the quantity of production. Most of the financial needs of the farmers in India are met by moneylenders. An agriculturist in India born in debt lives in debt and finally dies in debt.

**Large Number of Middlemen:**

Concentration process is very important for agricultural goods. A long channel of distribution is needed and hence there are large numbers of middlemen. The long chain of middlemen takes a large amount of the agriculturist's share from the consumers' rupee. The middlemen sell the agricultural goods to the consumers at a higher price and give lower returns to the agriculturist.

**Transportation and Storage Facilities:**

There is high demand for transportation and storage facilities in the harvest seasons, in order to protect the produce from deterioration in quality. Production of agro products is seasonal. The consumption is regular and the demand is regular throughout the year. So, special transportation and storage facilities have to be provided.

**Grading and Standardization:**

Grading and standardization is important for agricultural products. But it is not easy to grade and standardize the products, as there are many agricultural goods and one produce has many qualities.

**Branding:**

Agricultural products do not create demand. Advertising is not possible due to the limited resources of agriculturists. As there are many qualities branding is also not an easy job.

**Price Fluctuation:**

There is price fluctuation in agricultural products due to the imbalance in supply and demand.

**Lack of Market Information:**

In India most of the farmers are illiterate and ignorant of the accurate prices ruling in the markets. They depend upon inaccurate information. They depend on hearsay reports of village merchants who never reveal correct price.

## **II. Suggestions:**

Our country is an agricultural country. It is very important to remove the problems in the marketing of agricultural goods. In order to remove the problems the following suggestions are offered:

To reach the consumers directly to market the products produced by the farmers at a competitive price, the farmers should start a super market in urban center with the support of other farmers.

For proper marketing of agricultural goods adequate and appropriate transport facilities are necessary. They government must take proper steps to improve the transport facility to the farmers for marketing their products.

The government should take necessary steps to increase storage and warehousing facilities to remove the defects in agricultural marketing.

Farmers Association should take necessary steps for fixation of standards and grades of commodities.  
Holding of auction sales by Agricultural departments to ensure increased price to the cultivators.  
The farmers should form an association themselves with the support of government and NGOs to get fair information about the market situation.

### **III. Conclusion:**

In this paper it is concluded that if the government and farmers work together the problems of marketing agriculture products can be solved. The Central and State government should frame policies to protect the welfare of the farmers, because farmers are the backbone of Indian economy. The government should provide special incentives and motivation to the farmers to incorporate an agriculture based production and marketing companies in their location.

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