

## AGRICULTURAL MARKETING SYSTEM IN INDIA

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**Abstract:**Marketing is a process of bringing about the transfer of ownership of goods and services and arranging for direct distribution. India is an agricultural country. About 70 percent of India's population is dependent on agriculture and subsistence farming. All the marketing activities which are carried out to reach the produce grown in the field to the consumers are called agricultural marketing. Agricultural marketing is the process that involves the process of grading, certification, storage, distribution etc. to reach the consumer of the goods produced by the farmers.

**Key Word:** Agricultural marketing, Agricultural Marketing System in India, Goods, Commodities, Produce etc.

### Objectives:

1. To study the concept of Agricultural Marketing.
2. To know the Agricultural Marketing System in India.
3. To understand the types of Agricultural Marketing System.

### Hypothesis of Research:

- 1) The concept is easy to understand.
- 2) There are more Agricultural Marketing systems.

### Methodology:

For this research paper, we have obtained information by using secondary data. Information has been collected through text books, reference books, and Finance Reports, Economic Survey, Economic and Political Weekly, Internet etc.

**Introduction:** Agricultural Marketing is the process for goods and services where all the activities are included from producing in the farm to reach to the customers.

**Definitions:** To understand the proper meaning of Agricultural Marketing, the following definitions of experts should be studied.

1. "Agricultural marketing includes all the business activities that involve moving the goods and services produced in the agricultural industry until they reach potential consumers."  
- Richard Koolhus,
2. "Agricultural marketing is the process that involves the process of grading, certification, storage, distribution etc. to reach the consumer of the goods produced by the farmers."

### Agricultural Marketing System in India:

The marketing system of agricultural commodities in India includes markets, private individuals, institutions, cooperatives and government agencies.

### **Markets:**

Markets include Primary Market, Wholesale Market, Final Market and Regulated Market.

Weekly bazaars and Daily bazaars are included in Primary Markets at villages or talukas. Wholesale markets include markets in district locations or large cities. This market is also known as Mandi. Large number of amounts of agricultural products is bought and sold in this market. In the Final Market, agricultural products are delivered directly to consumers. Whereas in Regulated Markets, marketing is done with the aim of preventing farmers from fraud and also to fetch better prices for the goods. This market is controlled by a regulatory body.

### **State Co-operative Marketing Organizations:**

In this type of marketing, includes Primary, Intermediate and State Co-operative Buying and Selling Organizations. The Primary buying and selling organization at the taluka level buys farm goods from farmers and supplies seeds, pesticides, fertilizers to farmers. The Central Co-Operative buying and selling organization does the work of buying and selling at the district level. Also provides marketing guidance and assistance. State Co-Operative buying and selling Societies are the apex bodies. It performs the functions of controlling all buying and selling organizations in the state.

### **National Co-operative Buying and Selling Organization:**

These include the National Co-operative Purchase and Sales Federation (NAFED) and the National Co-operative Development Corporation. At the national level, the purchases, sales and storage of agricultural products is done through NAFED. Along with the above work, various schemes regarding agricultural marketing are implemented through the National Cooperative Development Corporation.

**Types of Agricultural Marketing Systems:** There are some types of Agricultural Marketing Systems as under.

#### **1) Individual Agricultural Marketing Systems:**

In this type, farmer himself markets his produce. Market information, transportation and sales are all done by the farmer himself. This is the traditional method of agricultural marketing. Characteristics of this type is that direct participation of farmer, producer and seller being the same person, traditional method is found. In this type of marketing, sales are made in the village or nearby urban markets.

#### **2) Contract Farming:**

In this type of marketing, an agreement is made between the farmer and the company for the supply and sale of agricultural products. The price of the goods is fixed in this contract. The farmer guarantees for the productions and supply while the company guarantees the purchase of agricultural commodities. In this agreement instructions are given regarding the quality and grading of the product.

This method is more popular in the states of Punjab and Haryana. It features are that multinational company's involvement, contracts and modern up-to-date marketing systems.

#### **3) Community Farming Joint Agreement:**

Similar to contract farming, in Community farming marketing systems, companies are involved in the processing and marketing of agricultural commodities. An example of Reliance

Fresh can be given in India. As involvement of large companies, modern marketing techniques, specialization of products are some characteristics of this type of marketing. This is suitable for farmers as observed.

#### **4) Group farming:**

Bargaining power of farmers is less. Many farmers opt for group farming to increase their bargaining power by coming together. Farmers and marketing organizations come together to form groups and carry out marketing work. Due to this, the bargaining power of the farmers is used to get the right price for the goods. And the farmers are not cheated either. Also, it is seen that farmers are organized in this type of marketing.

#### **5) Global Agricultural Marketing System:**

In 1991, Globalization policy has also brought about a big revolution in agriculture. Today, farmers in India are exporting agricultural commodities abroad as per global demand. Also, agricultural goods are being exported through some cooperatives and government marketing organizations. Grapes, pomegranates, mangoes etc. are being exported to Ashwa country, Europe, Africa, America through NAFED, APEDA etc.

#### **6) Futures Market:**

This market is not new to farmers in India. In this market, a lower amount is paid for the commodity in the future. In the year 2003, the Indian government removed the restrictions on this market. A total of 25 such markets exist in India. Futures Market Commission (FMC) has been established to control this market. Futures transactions of agricultural commodities are completed in this market.

This market is used to determine the future price of agricultural crops. This market is regulated under the Futures Regulation Act, 1952.

#### **7) Co-Operative Agriculture Marketing System:**

In order to stop the cheating of farmers by private traders and middlemen, many farmers come together to buy and sell farm commodities in cooperative agriculture marketing. It also provides ancillary services.

#### **Some important activities in marketing:**

There are some important functions of marketing which are as follows:

##### **1) Assembling of Goods:**

It is necessary to consolidate finished goods instead of selling them bit by bit. In large scale the goods are consolidated and then the goods are sold.

##### **2) Grading of goods:**

Sorting the goods produced by the manufacturer and according to their properties, quality, quickness is also a very important task in marketing. Grading is the process of classifying goods based on their characteristics like quality, size, color etc. By doing this, the goods fetch more value.

##### **3) Processing of Goods:**

Often, instead of selling the goods as they are, some processing is done to preserve them. The price of such goods is also higher than before processing.

##### **4) Transport of goods:**

The goods are transported to the market by means of roads, railways, bullock carts, trucks, tractors etc. Much of the success of marketing depends on the availability of efficient, fast and inexpensive means of transportation.

**(5) Storage of goods:**

If the goods are not to be sold immediately or to be processed, they have to be stored. Depending on the perishable or durable nature of the goods, storage is done in barns, houses, warehouse or cold storage. But care has to be taken to avoid damage to the goods during storage.

**(6) Finance for Marketing:**

The need for finance arises at various stages of marketing. E.g. Hiring transport matches. Finance is needed in all activities like construction of goods, transportation of goods, handling of goods. This requirement is met using various financial channels.

**7) Packing:**

Instead of selling the goods in bulk, proper storage protects them and fetches higher prices. Product packaging is very important in marketing. Customers are attracted just by looking at the construction. It also keeps the goods safe.

**8) Final Sale:**

After packing, grading the goods are ready for sale. And it is sold to the customer. Goods are sold through various channels.

**Ways to sell agricultural commodities Types of markets:**

After producing the goods, the farmer can sell his goods in the following ways.

1) Selling goods to moneylenders in the village. This person is a bigot for himself or a neighboring mandi village buying goods as a merchant's agent.

2) Selling goods in the village weekly market.

3) Selling goods by going to the market in the neighboring small or big village,

Based on this, the major types of markets for sale of farm goods according to location can be stated as follows.

**1) Primary Wholesale Market:**

This market is daily or weekly only in big villages. It is controlled by the Gram Panchayat of the village. In this market, the village moneylender acts as a middleman. This market is called as 'Haat' in rural language.

**2) Secondary Wholesale Market:**

This market is located in the nearby taluka / district / important trading center. There is continuous business going on here and different types of agricultural goods are coming here. Therefore, there are transport, communication, finance, godowns and much more facilities are available. This market is known as Mandi.

**3) End Market:**

Here is the last sale of the crop from the point of view of the farmer. These sales may be made to actual consumers or to persons/organizations processing the goods or to exporters. From this sale, the actual consumer gets the goods.

**4) Retail Market:**

Often, especially small farmers sell some goods directly to retail customers in village markets. It is called retail market. Such retail markets are found in every village. Farmers come together atGujri in the village and sell their goods there.

#### **5) Fairs-**

Farmers can also sell their goods in Fairs or Yatras. Often farmers in rural areas sell their finished goods at Fairs or Yatras. Due to the huge crowd in the Fair, there is a huge demand for his goods.

#### **Conclusion:**

In short, marketing is a process of bringing about the transfer of ownership of goods and services and arranging for their actual distribution. By using the above various methods, the agricultural marketing process is simplified and the needs of the consumers are met. Agricultural marketing benefits farmers, consumers, marketers, society and the country.

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