

CHAPTER -I
INTRODUCTION

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1.1

MEANING OF MARKETING

i) Prof Converse Huogy & Mitchell in the book ' Elements of Marketing' has defined the term marketing as " Marketing includes all the activities involved in the creation of place, time and possession utilities".

ii) Prof Glasser in their book planned marketing " Marketing in free economy, is the skill of selecting and fulfilling consumer desires so as to maximize the profitability per unit of capital employed in the enterprise.

iii) Prof Cundiff and still in their book ' Basic Marketing" Marketing is the business process by which products are matched with market and through which transfer of ownership are affected.

iv) Prof Williem Stanton in his book ' Fundamentals of marketing' " marketing is total system of interacting business activities designed to plan , price, promote and distribute want satisfying products and services to present and potential customer's".

v) American Marketing association argued that " Marketing includes all these activities having to do with effecting changes in the ownership and possession of goods and services. It is that part of economics which deals with creation of time, place and possession utilities and that phase of business activity through which human wants are

satisfied by the exchanges of goods and services for some valuable consideration.

The term Marketing can be easily explain as " Marketing is a series of activities which includes the assessment of needs and wants of consumers , planning of product manufacture, Its Physical distribution through trade channels after sale service, advertisement and public relations.

i) Needs and wants of consumers to be assessed

ii) Production planning

iii) Physical distribution through

a) trade channels

b) after sale service

c) advertisements and public relations

1.2 WHAT IS AGRICULTURAL MARKETING

Agricultural marketing is the performance of all such activities involved in the flow of agricultural produce and services from the point of initial agricultural production until they are in the hands of ultimate consumers.

In general terms marketing includes all such activities involved in the creation of place, time and possession utility.

Agricultural marketing begins with producing

agricultural produces and the process ends with consuming the agro produce by its ultimate consumers.

1.3 IMPORTANCE OF AGRICULTURAL MARKETING

The two main economic situations of our business process are production (i.e. creation of goods and services) and Marketing (i.e. process by which flow of goods and service from producers to ultimate consumer's) The introduction of advanced farming technology helps in converting the substance of farming in to a commercial products very rapidly. Thus with rapid commercialization and growing competition in the agricultural sector, there is a need for sound and scientific marketing system.

Functional improvement relating to the science and craft of agriculture may result to increase productivity. Production is however a part of business process. Increased agricultural productivity will not be translated into proportionate increase in the level of real income in economy in which the marketing system is defective. Such marketing system may have discouraging effects on production activities . Hence a good marketing system may be the best incentive for more production. Agricultural commodities have varying physical attributes such as bulk, perishability and different extent of processing required in each case. Due to this inherent feature there is a greater need for creation of efficient and effective marketing system in this field.

Increase in the production has no meaning unless there is a good marketing system. A good agro - marketing system is one in which there is minimum number of intermediaries between producer of agro commodities and final consumers where the commodities are available for the consumers at reasonable prices, where larger portion of consumers price goes to the producers hand.

1.4 CHANNEL OF DISTRIBUTION FOR AGRICULTURAL GOODS

The channels of distribution for agricultural goods are more lengthy than that of industrial goods. Following are some of the channels are in existence in present system.

Channel I

Producer --- Wholesaler --- Retailer --- Consumer

Channel _ II

Producer --- Retailer --- Consume

Channel - III

Producer --- Consumer

For better understanding it is necessary to consider existing channels in more details.

Channel I

Producer --- Wholesaler --- Retailer --- Consumer

This is the most orthodox way to sell the agricultural goods. Majority of agricultural goods are sold via this channel.

In this channels the agro - product moves from farmer(Producer) to the wholesaler dealing in the local market or central market or jobbing market, than wholesaler or jobber relieved goods to the retailers who in turn sell to consumer's. Undoubtedly this channel is longest and thus the cost of distribution is also high. Some times the agent/ middleman may be employed. This is the common channel observed in the survey for the fresh fruits and vegetables.

Channel _ II

Producer --- Retailer --- Consumer

Some agro consumer goods such as fruits, eggs, milk, butter and vegetables are sold directly to the retailer's in the jobbing market. Thus the producer by pass the wholesaler operating in the central and local market. The retailer's directly enter into the local market and buy from the farmer's (producer's) and sell them to the consumers.

This channel is beneficial to produce as he is in a position to get higher prices for his produce. In this channel small producer's can perform the function of grading and standardization, but this channel is not useful for those living at long distance from the market. The feature of this

channel is the retailer enjoy the advantage of sure supply, fresh, stock, lower prices, but at the same time they have to face problem of the supplies from the different producers located at longer distances. Moreover the retailer himself has to assume certain marketing functions like storage, grading and standardization. This channel is not practicable particularly when the producers are widely scattered and produce in the smaller quantities.

Channel - III

Producer --- Consumer

Some agro products are sold directly by the farmers to consumers by eliminating both the wholesalers and retailers. A Very Small Portion of agro goods are sold through this channel.

The products like vegetables, milk, eggs, onions, fruits are sold directly to the consumers.

In field survey following methods are observed to be used to sell directly to consumers by produces

a) Method I :- House to house selling.

The products like milk, eggs are sold in this way. Home delivery of the products is given. The selling of fruits and vegetables by hawker's is an instance of house selling.

b) Method II :- Road side selling.

The farmers sale their product like fruits, vegetables by side of the road. Even poultry products like eggs are sold in this way . Here consumers come to the farmer and make purchases. This method is exactly opposite of house to house selling.

c) Method - III:- Retails Public Method.

Retails public market are the open markets where the buyers and sellers meet. The farmers carry their products to the particular market places and sell them to the consumers . In our country such type of marketing are called Bazaar's. In Satara district these types of Bazaar's are very popular. In these Bazaar's all types of commodities are made available to consumer's.

In the western countries these market are commonly called as farmers market or farmer's retail markets.

d) Method_ IV:- Selling through post

In the western countries this method of selling goods is also followed. But for agro - products this method has very little importance. In this method there is no direct relation between the consumers and producers. In this method contracts are being made by means of post. According to the orders placed, goods are packed and delivered. This method of selling the goods is very complicated with view point of packing and problem of collection and keeping of accounts. Now in our country the various T.V. channels are promoting

such a type of selling goods i.e. Asian sky shop on 'Zee T.V."

1.5 DEFECTS IN PRESENT MARKETING SYSTEM

Mr. A.N. Agarwal in his work 'Indian Agriculture' describes the several defects of agricultural marketing system. The market for agricultural produce as it is as traditionally constituted in our country. It is working as so because of the general backwardness within the economy. It has given rise to many shortcomings in the disposal of the farm products.

Defects in the present Agricultural marketing System

1. Inadequate credit facilities:

Inadequate credit facilities to the farmers to take over the period between the crop is harvested and is sold . As a result holding capacity of the farmers particularly of small farmers is considerable weakened. Immediately after harvesting crops farmers are forced to sell the product . Since all the farmers brings the supplies together this itself gluts the market at depressed prices. In such situation it is not possible to the farmers to get fair prices for their produce, Similarly while taking loans from money lenders, farmers usually commit to sell their produce to them. In such cases they get less price than market price. Thus because of an inadequate credit facilities farmers are

not unable to sell their product at fair price but also not free with regard to sale of their product as and when they desire.

2] Inadequate warehouses:- The facilities for proper storage for agricultural produce are very inadequate and whatever facilities available to the farmer's are unfortunately not scientific. Generally the produce is kept in carts, pints kaccha storehouse etc. Where it is not safe. In our country quite a significant part of agro - produce is lost because of dampness, rats, ants, etc. Besides the quality of the produce is also deteriorates. Due to lack of warehousing facilities there is a possibility of it's being damaged. They have to dispose off it in the shortest possible time. In these circumstances they do not get fair price and can not make the best use of the market opportunities.

3] Inadequate means of transport:- Transport facilities are also inadequate in our country. Particularly in rural areas, many parts of the country is not still linked with rail or roads. Water transport is too underdeveloped. Due to these reasons farmer experiences a lot of difficulties in carrying produce from fields to their homes and to village markets. This stands in moving quickly a large quantum of produce to the market. As a consequence a part of the produce is spoil on the way , farmers fails to get a fair price or good market for their produce and at many places a sizable part of agricultural produce does not reach the market at all.

4] Malpractices in buying and selling methods:-

Use of defective weights, existing of large number of intermediaries conducting transactions and large deductions are made from the amounts due from sellers etc., make marketing defective from many angles. Many intermediaries carefully settle process among themselves and play fraud on innocent farmers with regard to the payment that they do make to the farmers for their products. Despite the fact that the Government has made compulsory use of standard weights, there are some places where weights are used which are not standard. Some times even weighting is not done properly . The number of intermediaries between the producer and it's ultimate consumers is unnecessarily large. In addition to such functionaries as village traders adthyas, brokers, wholesalers and retailers, money lenders and big landlords also takes part in trading of agricultural produce. As result of large number of intermediaries the cost of marketing goes up.

A big share of market price of goods is generally packed by these intermediaries. There are again many manipulations done by the function arise in 'mandi'. Many justifies and unjustified deductions are made such as 'hamali' commission. adat, total, ghatai, chalani, market fees, donations for different purposes etc. and thus a sizable part is taken away from the amount payable to the growers.

5] Lack of grading and standardization facilities:

Another defect of the present marketing system is that agricultural produce of different varieties are not graded properly. There are inadequate arrangement for the grading and standardization for all products. Whatever little has been done in this regard is not practiced fully. The produce which comes to market consist of variety of qualities and grades. It is difficult to assign prices of these goods according to qualities and grades . It means that the price, quality and grade of the produce bear to relations to each other. The farmers find it very difficult to secure higher prices for their superior quality product. The producers are engaged in the production of quality goods get discouraged due to these conditions prevailing in the market. Consumers too get no satisfaction from such type of grading, Only functionaries of mandi's and intermediaries are benefited.

6] Non availability of market Information:

Farmers are neither fully aware nor supplied with correct information about market price; the price at different center's of demand, international trends; policy of Government etc. There is no adequate agency in our country to disseminate information relating to market . Farmers who visits markets occasionally make a decision based on information supplied by money lenders trackers and other functionaries and intermediaries. This information is generally not accurate and is in favor of purchaser and

against the interest of farmers.

7]Inadequacy of institutional marketing:

Another weakness of agricultural marketing in our country is that the farmers sell their produce individually. As against powerful intermediaries these farmers possess very little bargaining capacity. Consequently they suffer loss. The basic reason for this circumstance is the arrangements for institutional marketing in our country is inadequate, the number of co-operative societies are very small. Due to these deficiencies farmers are being exploited. Now the solution for this problem is only a proper organization of farmers. In such context whether farmers co-operative will be the answer for this question? Fortunately the answer is Yes.

1.6 OBJECTIVES AND AIMS OF GOOD MARKETING SYSTEM

A good system of marketing must have two objectives in view. First assure the farmer a proper return to enable him to stay in occupation. The reward offered must be adequate enough to provide the necessary incentives for improving both quality and the quantity of his produce. The another thing is to assure the consumer that he is not paying more than a fair price for the produce which he is purchasing. The farmer or agro producer in most of the underdeveloped and developing countries is generally poor man. To fight against the poverty he must improve his output both quantitatively and qualitatively.

Marketing cooperatives:-While stating aims of marketing co-operatives, Miss Margaret Digby and Greston writes - " The aim of every marketing co-operative is to sell the members , products directly in the best market and in a state which attracts the best price. It gives the same services to the large growers as well as small one. It helps the members to produce the best product which has more demand. It gives fair weight. It grades the product in such a way that the best price is obtained for a qualities. It aims at handing crop clearly without damages or waste in a way. it will not decrease its value, it stands for fair trading practices and uses its influences against rings and manipulation of prices. By advance on fair terms it helps the members to finance himself while he is waiting for crop to ripen. It does what it can do even make out the differences between good and bad years. It decides any surplus money to all members in proportion to contribution they have made to the business co-operative. It gives farmers a better understanding of all stages in the marketing process".

This statement quotes very clearly what exactly needed.

This also to be noted that modern marketing is complicated process and a small farmer can have a little or no influence except on one or two links of chain. Similarly marketing problems are ever changing in nature. So co-operative marketing in our country should not consider it as an easy task.

1.7 MARKETING CO-OPERATIVES IN OTHER COUNTRIES

In countries like Denmark,U.S.A. marketing co-operatives have no doubt make considerable strides and achievement. Co-operative agricultural marketing is also significant in third world countries like Taiwan, Philippines, Thailand, South Koria. The marketing co-operative in Taiwan is know as farmer Association. There are altogether 273 townships of farmers association, 19 country/ city association and one provincial association with total membership 914,

While in Philippines the co-operative marketing system is structured on three level (i.e. village, Provinces and national) The system also includes co-operative rural bank which provides agricultural production credit to the farmer through society.

In Thailand co-operative marketing system could be classified in to two distinct groups.

A) Agricultural co-operatives B) Co-operative stores.

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