

CHAPTER III

AGRICULTURAL MARKETING AND MARKETING

OF FRUITS



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3.1 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 the ultimate consumers. In general terms Marketing includes all such activities involved in the creation of place, time and possession utility. To understand marketing in better terms let us consider some standard definitions of marketing.

American Marketing Association argued that 'Marketing includes all those 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 the creation of time, place and possession utilities and that phase of business activity through which human wants are satisfied by the exchange of goods and services for some valuable consideration. Prof. Converse, Huegy and Mitchell says 'Marketing includes all the activities involved in the creation of place time and possession utilities.'¹

Prof. Glasser defined as Marketing in free economy is the skill of selecting and fulfilling consumer desires so as to maximise the profitability per unit of capital employed in the enterprise².

Prof. Cundiff and Still considered 'Marketing is the business process by which products are matched with market and through which transfers of ownership are effected³.

Prof. William Stanton defined Marketing is a total system of inter acting business activities designed to plan, price, promote and distribute want satisfying products and services, to present and potential customers⁴.

Broadly speaking, marketing is a series of activities which include 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.

Production i.e. creation of goods and services and marketing i.e. process by which goods and services flow from producers to ultimate consumers. These are two main business processes in our present economic situation. The introduction of modern farming technology is converting the subsistence farming into a commercialised one very rapidly. Thus with rapid commercialisation and growing competition in agriculture sector, there is need for sound and scientific marketing system.

Functional improvements relating to the science and craft of agriculture may result in increased productivity. Production is however, a part of the business process. Increased agricultural productivity will not be translated into proportionate increase in the level of real income in an economy in which the marketing system is defective and inadequate one. Further the inefficient and defective marketing system may have discouraging effects on production activities.

Hence a good marketing system may be the best incentive for more production.

3.2 Agricultural Marketing:

Agricultural commodities have varying physical attributes such as bulk, perishability and different extent of processing required in each case. Due to this inherent characteristics there is a greater pressure for creation of efficient and effective marketing system in this area. Increase in the production has no meaning unless there is good marketing System. A good marketing system is one in which there is minimum number of intermediaries between producer of farm commodities and final consumer, where commodities are available to the consumers reasonable price, where larger proportion of consumers' price goes to the producer's hand.

3.3 Channels of Distribution for agricultural goods:

The channels of distribution for agricultural goods are more lengthy than that of industrial manufactured goods. Following channels may be considered for this purpose, which are in existence in present system.

- i) Producer - wholesalers - Retailers - consumers.
- ii) Producers - Retailers - consumers.
- iii) Producer - consumers.

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

Channel No.1 - Producers - wholesalers - Retailer consumer.

Majority of Agricultural goods are sold via this channel.

In this channel, the product move from farmer to one of the

wholesalers dealing in local market or central market, and jobbing market. Thus it is relieved by jobbers, from jobbers to retailers, who in turn sell to consumer. Since this channel is longest one the cost of distribution is generally high. Some times the agent middleman may employ. This again, adds to further cost of marketing. This is a common channel for the fresh fruits and vegetables in most of the cases.

Channel No.2:

Producer: Retailers - consumer.

Some agricultural consumer goods such as fruits, eggs, milk, butter and vegetables are being sold directly to the retailers in the jobbing market. Thus the producer by pass the wholesalers in the Central and local market. The retailers directly enter into the local market and buy from the farmers or producers and sell them to the consumers.

This channel is beneficial to producer as he is in the position to get higher price for his produce. In this channel the small producer can perform the function of grading and standardisation. But this channel is not useful for a producer at long distance from the market. In this channel, retailers enjoy the advantages of sure supply, fresh stock, lower prices. But at the same time they have to face problem of collecting the supplies from the different producers located at longer distances. Moreover the retailer himself has to assume certain marketing functions like storage, grading and standardisation.

So this channel is not practicable particularly when the producers are widely scattered and they produce in smaller quantities.

Channel III

Producers - Consumers.

Some agricultural goods are sold directly by the producers to consumers by eliminating both the wholesalers and retailers.

A very small portion of the agricultural goods are sold through this channels. The products such as eggs butter, milk, fruits and vegetables are being sold directly to the consumers.

Following methods are used to sell directly to consumers by producers.

Method I - House to house Selling

The products like Milk, eggs are sold in this way. Home delivery of the product is given. Again the selling of fruits, and vegetables by hawkers is an instance of house selling.

Method II Road side selling

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

Method III - Retail Public Market:

Retail - Public market are the open markets where the buyers and sellers meet. The farmers carry every goods to the particular Market places and sell to the consumers, who visit them with the purpose. In our country, we call them as 'Bazars' In Konkan region 'Bazar's particularly weekly bazars are very popular. In this Bazar all types of commodities are made available to consumers.

While Western countries, they are commonly called as 'Farmers Markets' or 'Farmers retail markets'.

Method No. IV: Selling through post. In the advanced countries, this method is also followed. But this is of little importance method for selling agricultural goods, where there is no direct touch between the consumer and producers. In this method contracts are being made by means of post. According to the orders placed goods are packed and transported. It is very difficult way of selling such goods which involves heavy cost of packing and problem of collection and keeping of accounts.

3.4 Defects of the present Marketing system:

The market for agricultural produce as it is as traditionally constituted in our country. It is working as also the general backwardness within the economy and it has given rise to many shortcomings in the disposal of the Farm-Produced. Mr.A.N. Agrawal in his work Indian Agriculture⁵ described the several defects of Agricultural Marketing system.

3.5 Defects in present Agricultural marketing system:

1. Inadequate facilities of Credit facilities of credit to farmers to tide over the period between the time between the crop is harvested and the it is sold is very inadequate. As a result, the holding capacity of farmers, particularly of small farmers, is considerably weakened. Immediately after harvesting crop, farmers are forced to sell the produce. Since almost all farmers bring their supplies together, this in itself fluts the market and depresses prices. In such situation it is not possible for farmers to get fair price

for their produce. Similarly while taking loans from money lenders, farmers usually agree to sell their produce to them. In such cases most of the time they get price at less than market price. Thus because of an inadequate credit farmers are not only unable to sell their product at fair prices, but they also cease to be free with regard to the sale of their produce.

2. Inadequate Warehouses:

The facilities for proper storage of agricultural produce are very inadequate and whatever facilities available to farmers, are not scientific. Generally the produce is kept in carts, pits, kaccha - storehouse etc. Where it is not safe. In our country quite significant part of Agricultural produce is lost because of dampness, rats, ants, etc. According to one estimate 10 to 20 percent of the agricultural produce is destroyed in this way. Besides, the quality of produce is also deteriorates. Due to lack of warehousing facilities and possibilities of its being damaged, the farmers' capacity to hold stock is reduced. They are very keen on disposing it of 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. Over and above this, in general the country suffers because of reduction in supply.

3. Inadequate means of transport:

Transport facility is also grossly inadequate in our country, particularly in rural areas are many parts of the country (intouched by rail or pucca roads. Even at certain points Kaccha roads do not exist at all. Water transport is too

underdeveloped. Due to these reasons farmers experience a lot of difficulty in carrying produce from fields to their homes and from village to markets. Apart from this inadequate transport, the country suffers from a shortage of quick-moving vehicles. This stands in the way of moving quickly a large quantum of produce and perishable goods to the market. As a consequence the cost of carriage of goods increases, a part of the produce is spoilt on the way, farmers fail to get a good market for their produce and at many places a sizable part of agricultural produce does not reach into market at all.

4. Malpractices in buying and selling, secret methods of buying and selling, use of defective weights, existence of a large number of intermediaries conducting transaction and large deductions made from the amount due from sellers, make marketing defective from many angles. Many intermediaries secretly settle prices among themselves and play fraud on innocent farmers with regard to the payments that they have to make to farmer for their purchases. Despite the fact that the Government has made compulsory to use of standard weights there are some places where weights are used which generally weigh less than standard weights. Sometimes even weighing is not done properly. The number of intermediaries between the producer and the consumer is unnecessarily large. In addition to such functionaries as village traders, arhatiyas, brokers, wholesalers and retailers, money lenders and big landlords also take part in trading of agricultural produce. As a result of the large number of intermediaries, the cost of marketing goes up and the sale of the produce fails to be conducted properly.

A big share of the Market price of goods is generally pocketed by these intermediaries. There are again many manipulation done by the functionaries of mandis. Many unjustified deductions are made such as those for temples, dharmashalas, other religious and social activities and functions. All these practices make marketing more defective.

5. Lack of grading and standardisation:

Another defect of the present marketing system is that agricultural produce of different varieties is not graded properly. There are inadequate arrangements for the grading and standardisation for all the products. Whatever little has been done in this regard is not practised fully. As a result the produce that comes to market consist of a variety of qualities and grades. It becomes difficult to assign prices to these goods as per their qualities. This mean that price , grade and quality of the produce bear no relation to each others. The farmers find it is very difficult to secure higher prices for their superior quality products. The producers engaged in the production of quality goods get discouraged due to this position of Market. Consumers too get no satisfaction from such type of transactions. Only functionaries of mandis and intermediaries are benefited from this choose about grading and variety of agricultural products.

6. Non availability of Market information: Farmers are neither fully posted nor supplied with correct information about market price, changes in prices at different centres of demand, international trends, Government policy etc. There is no adequate agency in our country to disseminate information

relating to markets towards farmers. As a result, farmers who visit market occasionally make a decision based on information supplied by money lenders, traders and other functionaries and intermediaries to him. This information is generally wrong as based in favour of purchaser and against the interest of farmer -seller.

7. Inadequacy of Institutional Marketing:

Another weakness of agricultural marketing in our country is that the farmers sell their produce separately on their individual basis. As against powerful intermediaries, these farmers possess very little bargaining capacity. Consequently they suffer loss. The basic reason for this, in circumstances, is the arrangements for institutional marketing in the country is grossly inadequate. The number of Co-operatives Societies is very small. Due to this result and the deficiencies, farmers are being exploited. Now the solution for this problem is only proper organisation of farmers. In such context, whether farmers co-operatives will be an answer for this question. This question will be dealt in detail in subsequent topic. Considering mango marketing system in the area under study. As Alphonso Hapus mango is a cash crop and now in this region under study it is considered as one of the ways to transform the economic position of mango growers. In every business ultimate return depends upon the price of product in the market and capacity of producers to realise that price in case of Mango marketing, it is necessary to study the producers capacity to fetch the price which is available for his product in the market. As stated earlier alphonso mango is very

popular fruit not only in the Bombay market but through out the India. Similarly the price offered into market to this variety of Mango is substantially good. The only problem that in the present marketing channel this price is not coming back upto farmer producers of mango. So there is need to consider the effectiveness of this system and whether co-operative marketing is a viable solution for this problem is a question which requires more attention. This problem is considered in subsequent topic.

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