

CHAPTER - 2

MARKETING OF VEGETABLES

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2.1 DEFINITION OF VEGETABLE:

No satisfactory definition for the word vegetable has been devised. Though an exact definition of vegetable is not possible, however in common usage the term vegetable is applied to the edible herbeivourous plants or parts of which are commonly used for culinary purposes.-

1. According to Randhawa, 1966- The term vegetable includes all foods of vegetable origin, but the definition now excludes cereals and dried seeds of pulses, however it includes again on the cob, potatoes, and sweet potatoes and several other tubers.

Thus the term vegetables covers a wide range of things. In fact it gathers in itself all types of plant organs. The portion may be root, bulbs, stems, leaf, flower or flower bud, partially developed seed, seed or fruit either immature.

2.2 CONCEPT OF MARKET:

The concept of Market is very important in marketing. The word market is taken from the latin word 'MARCATUS'. It means merchandise, trade or place where business is conducted. A market is an area for potential exchange. A market is a group of buyers and sellers interested in negotiating the term of purchase/sale of goods/services. Place concept, area concept and demand concept these are the parts of the market.

MARKET COMMUNICATIONS

BODY OF SELLERS

BODY OF BUYERS

MARKET THE CIRCLE

FLOW OF PRODUCTS

OF EXCHANGE

FLOW OF MONEY

FEEDBACK INFORMATION SATISFACTION

DISSATISFACTION

DEFINITION OF MARKET

1. Pyle 'Market includes both place and region in which buyers and sellers are in free competition with one-another' * 3.
2. Market means a social institution which performs activities and provides facilities for exchanging commodities between buyers and sellers. * 4
3. Economically interpreted the term market refers not to a place but to a commodity or commodities and buyers and sellers are in free intercourse with one another. * 5

TYPES OF MARKET-

Types of markets are decided on the basis of various points of view like the nature of commodity, time and nature of business, importance of the products, etc. The fundamentals are same, only pattern is changing.

TYPES OF MARKET

A	B	C	D
On area Basis	On Goods Basis	On Economic Basis	On Transaction
1 Family 2 Local 3 National 4 World	a. Commodity 1. Produce 2. Manufac- tured 3. Bullion	b. Capital 1. Money 2. Foreign 3. Stock	1. Spot 2. future
E	F	G	H
On Regulation	On time basis	On Volume	On importance
1. Regulated 2. Un-requested	1. Very short 2. Short 3. Long	1. Whole sale 2. Retail	1. Priary 2. Secondary 3. Terminal

A. ON AREA BASIS

1. **Family Market:-** When exchanges are limited within a family or close members of the family, such market is called family market.

2. **Local Market:-** When commodity is sold within a small or local area only it is called local market.

3. **National Market:-** If buyers and sellers for a commodity do not extend beyond the boundaries of a nation, it is called national market.

4. **World Market:-** If buyers and sellers for a commodity are not restricted to the nation only & extend over the whole world it is called world market.

B. ON GOODS/COMMODITIES BASIS

Different goods are brought and sold in different market.

1. **Produce exchange market-** Big and well organised market for raw produce such as Wheat, Jute, Sugar etc. are known as produce exchange market.

2. **Manufactured goods Market-** These are the markets of manufactured goods and semi-manufactured goods.
e.g. Leather goods, Machinery etc.

3. **Bullion Market-** This type of market refers to pur-

chases or sales of gold Silver and Precious stones
i.e. Bullion market of Bombay.

Capital Markets

Financial requirements of new or going concerns are met by capital markets.

1. **Money Market**- It is a broad term that includes number of agencies and helps people to take loans through banks e.g. London Money Market.

2. **Foreign Exchange Market**- It is an international market where buying and selling of foreign currencies takes place. It helps exporters and importers to the conversion of currencies.

3. **The stock Exchange Market**- This is the market for investments. In this market shares, debentures, bonds etc. are dealt with purchased or sold.

C. ON ECONOMIC BASIS:

1. **Perfect Market**- These types of markets are really found. There are conditions to be fulfilled for a perfect market like-

- i) Easy communication and effective transport.
- ii) Free and perfect competition and
- iii) Wide extent.

2 **Imperfect Market**- When there products are similar but not identical, prices are not uniform, lack of communications,

and restrictions on the movement of goods is called as imperfect market.

1 ON TRANSACTION BASIS:-

1 Spot Market- In such types of markets goods are brought and sold immediately.

2 Future Market- In this type market actual purchasing and selling take place on different dates. Contracts are made for future delivery.

E) ON REGULATION BASIS:-

1 Regulated Market- When market may be owned and controlled by statutory measures, e.g. stock exchanges of Bombay, Madras etc. is called regulated market.

2 Unregulated Market- In this market, there is no control with regard to price, quantity, commission, etc. This is free market

F) ON TIME BASIS

1 Very short period market- This type market considers highly perishable goods like fruit and vegetable, which perish in very short period

2 Short period market- There demand is greater than supply. Supply is adjusted to meet the demand.

3. Long period market- This type of market deals in durable goods.

G. ON VOLUME BASIS:-

1. **Whole sale market-** In this market, product is handled in large quantities. These are usually owned by private persons or local bodies.
2. **Retail market-** In this market, goods are sold directly to the users or consumers, Only for consumption.

H ON IMPORTANCE BASIS

- 1 **Primary Market-** Goods are sold to wholesalers or consumers through this type of markets.
- 2 **Secondary Market-** In these markets, goods arrive from other markets.
- 3 **Terminal Market-** In this type of market, the final disposal of goods takes place. Consumer gets the goods from such market.

Thus, market is centre place, where goods are offered for sale by number of buyers and sellers.

2.3 CONCEPT of MARKETING:-

Marketing is really a form of communication. The field of marketing is very broad. So marketing is a comprehensive term. It is connecting link between the consumer and the producer. Marketing connects a series of activities, involved in moving the goods from the point of production to the point of consumption. It includes all the activities, in-

involved in the creation of time, place, form and possession utility.

1 The Old Concept-

Focus	Means	End
Products ->	Selling & Promoting ->	Profit through sales volume

2 The New Concept

Consumer ->	Integreated marketing ->	Profit through consumer satisfaction.
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DEFINITION OF MARKETING:-

1 Converse- Marketing includes those business activities, which are involved in the flow of goods and services from production to consumption.+6

2 Cundiff- "Marketing is the business process by which products are matched with markets and through which transfers of ownership. are effected"

Marketing Involves-

- 1 Finding out what consumers want
- 2 Then planning and reveloping a product or service that will satisfy those wants and
- 3 Then determining the best way to price, promote and distribute that product or service.

Thus marketing is a process of satisfying human needs and wants through exchange. It considers a social institution performing the work of middlemen, transport agency, banker, investor, financier, etc.

2.4 IMPORTANCE OF MARKETING:-

Marketing is recognised as the most significant activity in our society. Marketing is all around us. Our very existence, our entire economic life, our life style are continuously affected by wide range of marketing activities. Marketing alone can put goods and services we want and need at our doorsteps, and satisfy our varied and innumerable needs and wants.

Marketing is a part of the productive process and marketing costs form part of the overall costs of production. The producer, the middleman and the consumer look upon the marketing process from his own individual point of view. The producer is concerned with selling his products at such remunerative prices. It would enable him to continue to produce or to stay in his business. He must take into consideration the total profit, which he is able to make on his business as whole. The various types of intermediary agencies such as the wholeseller and commission agents are mainly concerned with avoidance of losses on account of adverse price changes and the prevention of deterioration of goods lying in their possession. The final link in the process of marketing is the consumer. The consumer looks at

marketing from the point of view of goods and the prices at which they are offered. Thus marketing has greater significance, to the community, as a whole.

Marketing gives benefits to both society and firm.

A. BENEFITS TO SOCIETY

1. Delivery of standard of living marketing is of critical social importance. Because, it has been given the responsibility and task of creating, raising and maintaining the standard of living of the society. Only customer oriented business can succeed in discharging this responsibility.

2. **Employment and Income** Marketing is essential for providing increasing employment opportunities. Continuous production is governed by continuous marketing. Marketing offers employment and income to about 30 to 40 % of the total population.

3. **Equilibrium between Supply and Demand** - Marketing can assure the equilibrium between supply and demand through the process of equalisation. If we have balance between production and distribution, there will be no danger of boom and slump in our economy.

4. **Creation of utilities.** - Marketing as an economic activities that creates time, place, possession utilities. Merchandising creates form utility. Exchange creates owner-

ship and possession utilities. Transport creates place utility and storage creates time utility.

5. Economic Development - Marketing plays an important role not only in stimulating production and consumption, but in accelerating the pace of economic development. Economic development in developing countries entirely depends upon efficient system of production and distribution. Levels of marketing govern the levels of production. Production and distribution are two sides of the same blade. Thus, marketing plays a critical role in our economic growth.

B. BENEFITS TO INDIVIDUAL BUSINESS ENTERPRISE

1. **Revenue Earning** - Marketing alone generates revenue of income to an enterprise. It can generate revenue at a cost which will leave some surplus, in the form of a net profit. Marketing is considered as the art of earning profit through profitable sales. In essence, marketing is ascertaining, creating and satisfying the needs and wants of people and doing it at a profit.

2. **Information for Decisions** - Marketing department is the main source of information to the management and production department for making overall corporate decisions. Marketing information is a basis for all managerial decisions and also purchase decisions.

3. **Management of Innovation and Change** - Marketing and innovation are two basic functions of any business. We are living in dynamic world. Change is the essence of life and change means progress. Change is the common factors in planning, organising and controlling marketing activity. Changing a business through adopting innovations e.g. finding its new role, new customers, products etc. Retailers communicate wholesalers about consumer demand. Wholesalers in turn communicate manufactures about market demand. Salesman of a market oriented concern are its ears and eyes for information feedback.

2.5 MARKETING OF VEGETABLES :

Vegetables are perishable in nature, but the period of their perishability varies from a few hours to a few months. To a large extent, the marketing of vegetables is virtually a race with death and decay. Their perishability makes it almost impossible for producer to fix the reserve price for their farm growth products. The supply of vegetables is irregular, the price of the vegetables there for fluctuates. The extent of perishability of vegetables may be reduced by the processing function. But they can not be made non perishable like manufactured products nor can their supply be made regular.

The term marketing of vegetables includes all the steps from the time product is ready to harvest until it is the hands of consumer. It is the study of all the activities,

agencies and policies involved in the procurement of vegetables, by the farmers and the movement of vegetables from the farmers to the consumers. Vegetable marketing is a link between the farm and non farm sectors.

2.6 CHARACTERISTICS OF VEGETABLE MARKET :

1. These are perishable goods market and have very short life.

2. These type of markets generally function along the road sides or centrally situated localities.

3. Element of time is an important factor.

4. Vegetables production is on small scale, scattered and is a seasonal production.

5. Goods are produced by farmers but middlemen have full control over marketing.

6. Quality is the basis of selling.

7. Marketing process is complicated.

8. Because of perishable nature of goods transport and warehousing costs are very high.

9. Existence of many middlemen, increases the cost of marketing.

10. Wide price fluctuations due to imbalance in supply and demand.

11. Unorganised market - In this type of market there is not collective organisations of their own, to protect their interest.

12. Marketing functionaries require special skill and experience, to get success in business of vegetable selling.

2.7 MARKETING AGENCIES :

The production of the commodity is complete only when it reaches the hands of the consumer. All the commodities can not produced in all the areas because of variations in agro-climatic conditions. So is the need for their movement from producers to consumers. Some times agricultural commodities directly pass from producer to consumer, when there is small proportion of the agriculture commodities. But generally goods moves from producers to consumers through intermediaries or middlemen. The role of market middlemen has increased in the recent past because of substantial part of the product moves through them.

I PRODUCERS

Most of farmers or producers sell the surplus (vegetables) either in the village or in the market. Some farmers assemble the produce of small farmers, transport it to the nearby market sell it there and make profit. Frequent visits to markets and constant touch with the market functionaries, bring home to them a fair knowledge of market practices and they are able to perform the same functions of market middlemen.

II MIDDLEMEN :

Middlemen are those individuals or business concerns which specialize in performing the various marketing functions and rendering such services as are involved in the marketing of goods.

1. **Village Merchant** - The village merchant collects the produce from farmer in the village and brings to wholesale market. They buy and sell at their own gain or loss, depending on the difference in sale and purchase price.

2. **Itinerant Merchant** - He wanders from village to village, collect the produce and brings to the wholesale market. He purchases when prices are low and sells when prices are high.

3. **Wholesale Merchants** - He purchase vegetables in large quantities either from the producers in the villages or from various merchant or from itinerant merchants or through commission agents in the market. He sells vegetables not only on profit but also on commission basis, in different markets. He advances loans to cultivators, as well as to small sellers.

4. **Commission Agent** - A commission agent is a person operating in the wholesale market, who acts as the representative of either a seller or buyer. He gets the commission for his service. A commission agent advance loans to farmers and small merchants on the condition that vegetables are sold to him or through him.

1. They act as bankers of the farmers or also buyers.
2. They offer advice to farmers for purchase and sale of products.
3. They provide empty bags to enable the farmers to bring their produce to the market.
4. They arrange, if required by the farmer for transportation of the produce from the village to the market.
5. They help the farmers in times of their personal difficulties.

5. RETAILERS :

Retailers buy goods from wholesalers and sell them to the consumers in small quantities. They are producer's personal representative. Retailers are closest to consumers in the marketing channel.

III FACILITATIVE MIDDLEMEN :

This type of middlemen do not buy and sell directly but assist in the marketing process. Marketing can take place even if they are not present, but the efficiency of the system increases when they engage in business. These middlemen receive their income in the form of fees.

1. Hamals :

They physically move the goods in market place. They do unloading from and loading on to tempo, auto etc. Hamals are the hub (center) of marketing wheel.

2. Transport Agency :

This agencies assist in the movement of the produce from the one market to another. The main transport means are tempo and auto, Bullock-carts or tractors and also used in villages for the transportation of products/goods.

2.8 MARKETING CHANNELS FOR VEGETABLES :

Defination : 1. Kohls and Uhl have defined marketing channels as alternative routes of product flows from producers to consumers.

2. Moore et al - The chain of intermediaries through whom the various foodgrains pass from producers to consumers, constitutes their marketing channel.

Marketing channels for vegetables vary from commodity to commodity and from producer to producer. They may sell their product according to the comparative costs, prices received and readiness of sale through the following channels.

1. Producer to consumer.
2. Producer to primary wholesaler, to retailers or hawkers to consumer.
3. Producer to processors (for conversion into preserves etc).
4. Producers to primary wholesalers to to processors.
5. Producers to primary wholesalers to secondary

wholesalers to retailers or hawkers to consumers.

b. Producers to local assemblers to primary wholesalers to retailers to consumers.

Channels in details :

1. To Consumers :

A vegetable grower or producer may sell his product to consumers. His main aim should be to serve them well. If they find fresh vegetables of good quality from the producers and are satisfied with them, the demand can be increased. But if they are not satisfied, the demand can decrease.

a. House to House :

This type of selling is not common. It is observed that in some cities the producers from nearest village or fields bring their product and sell it door to door. They sell the vegetables in the marketing and then return to their homes at noon. In this marketing the consumers have direct relation with producers Sellers. Producers try to satisfy their consumers.

b. Road side Markets

Vegetables may also be sold by way of road side marketing to the consumers, if the farm is located on a busy highway or in a popular locality. In some of these roadside shops, the owner sell only the vegetables grown by them. Attractive display and suitable location of shop are

also important for the successful roadside marketing.

c. Small markets

These are held in various places in a city and at one or more places in a town. Producers bring their vegetables to these markets where, consumers as well as retailers purchase them for their own use and for resale in the city. The market is over by the noon. The unsold vegetables are sold at a concessional rate in the end.

d. Weekly bazars

These are held in small towns on a particular day of the week e.g. on monday, wednesday etc. Vegetables are sold in the market and the producers and growers return in the evening to their homes. There is no middleman or commission agent and the vegetables are sold by the producers directly to the consumer.

2. To Retailers -

a. Mandais

There are the places where the producers or growers and commission agents or their representatives assemble for selling and purchasing of vegetables. Commission agents and retailers purchase from these mandais for re-sale. Producers have to pay tax to the municipal authorities for the place they occupy in the mandais for selling their product. The business starts from early in the morning and

is over upto 12 a.m.

b. Selling at the farm

Sometime the wholesaler or his agent or merchant come to the fields of the producers, settle the price for the whole field, for transporting the product to big mandales or cities. In this type of selling, the producer should keep himself well-informed and alert about the market situation and his own interest.

C. Auction Markets-

Here producers bring their product, which is auctioned by dalas in lots. Retailers, petty vegetable dealers purchase these lots for reselling them in different localities of the city. In these bazars, vegetables are sold by auction of each lot or heap separately to the highest bidder.

3. SELLING TO WHOLESALE MERCHANT

Vegetables are sold to wholesalers and through warehouses where there is a satisfactory large scale movement of vegetables from one region to another. Sometime the wholesalers or their agents pay some money to the vegetable growers as advance for the coming vegetable crop. This is done to ensure that all the produce of the region may reach to them easily. These wholesalers store and sell these by consignment to city commission merchants.

4. CO-OPERATIVE MARKETING

Some vegetables crop are sold through co-operative marketing organisation. These organisation solicit business, keep book, collect money, adjust claims and provide information to their members. But still, co-operative selling of vegetables is not yet well developed in India.

2.9 THE PROCESS OF VEGETABLE MARKETING

The selling is successful, when the consumer is satisfied with the produce he buys, with the price paid and other services provided. In any case there must be continuity in the chain of activities, information flowing back to the producer and products flowing towards the ultimate consumer.

This process includes following activities -

1. Assembling of Vegetables -

When the vegetables are ready for sale it is observed that the assembling is done by one or more of the following agencies -

- a. Cultivators.
- b. Growers who collect the product of others.
- c. Receivers of rent in kind (i.e. Landlord).
- d. Village Merchant.
- e. Itinerant merchant.
- f. Wholesale merchant.

g. commission agent.

Cultivators bring vegetables to the primary whole-sale and assembling markets, village merchant also assemble to some extent. Itinerant traders assemble on their own money or that of wholesaler's, wholesale merchants or commission agents assemble through their employees.

2. Storage

Storage is an important marketing function. The storage function therefore adds, the time utility to products. To stabilize prices of vegetables, their proper storage is very necessary. The need for storage arises out of the lack of adjustment the method of storage is crude and unscientific. Storage extends the consumption period of vegetables, which ultimately increases the demand. Storage may be done for home consumption or for the market. Following are the ways of storage.

Home Storage -

Only some of the most sound vegetables are stored. Green vegetables can not be stored well more than 2/3 days. It is necessary that the store room is properly ventilated. Proper precautions from rats should also be taken during the storage of vegetables, for a major portion of them may be damaged and made unmarketable by rats. Water may be spread for proper maintenance of humidity in home storage.

b. Cold Storage

In these storages, temperature is reduced by refrigeration and are most suited both for short and long term storage. The main advantage of cold storage over home storage is that temperature and humidity can be maintained at the desired point. Cold storage permits vegetables to be offered for consumption or for processing in fresh conditions over long period. Cold storage of vegetable does not bring about any physical change in vegetables.

3. TRANSPORTATION

Since markets are separated from production areas, transportation is an essential marketing activity. Transportation gives place utility to the product, making it available at the place where it is demand or consumed.

Vegetables are transported by different means like head load, auto, tempo, bullockcarts, bus, tractors etc. Auto and tempo are the main means of transport.

4. MARKETING FINANCING

Finance is essential for farmers as well as for marketing functionaries. Farmers raise finance from different sources like money-lenders, marketing functionaries, friends, relatives etc. They face different problems like high interest rate, lack of granting loans etc.

5. MARKETING RISK BEARINGS

Hardy has defines, "risk as uncertainty about cost loss or damage".+10

Risks are involved at almost all stages in the marketing process. The price of vegetables fluctuates not only from month to month but during day to day and even on the same day. The change in price may be upward or downward. Risk is possible due to reason like change in demand and supply condition, loss in storage and transport and other natural hazards. Someone has to bear the risk in marketing process, but most of by middlemen.

6. SELLING AND BUYING

Selling and buying are the most important activities in the marketing process. At every stage buyers and sellers come together where transfer of ownership occurs and the possession utility is added to the commodities.

Selling activity involves personal or impersonal assistance to prospective buyer to buy a commodity. The objective of selling is to dispose of the goods at a satisfactory price. It involves the problems when to sell where to sell, through whom to sell, etc.

Buying activities involves the purchase of right goods at the right place, at the right time, in the right quantity-

ties and the right price. It involves the problems of what to buy, when to buy, from where to buy, how to buy and how to settle the price and the term of purchase.

7. MARKET INFORMATION

Market information is important in marketing process. It ensures the smooth and efficient operation of the marketing system. Market information means a communication or reception of knowledge or intelligence. It includes all the facts, estimates, opinions and other information, which affects the marketing of goods and services. It is useful for all section of society, which are concerned with marketing.

2.10 PROBLEMS OF VEGETABLE MARKETING

1. Lack of Organisation

In vegetable marketing buyers are merchant and merchantile agents. They are well organised, well informed and professional buyers acting as re-sellers. But seller are unorganised, illiterate, ill-informed, small, poor and scattered persons. Under such circumstances, in the process of exchange we have unequal seller, buyer relationships.

2. Too many middlemen

Vegetable marketing is more complicated process as compared to marketing of other agricultural products. There

are many middlemen in the channel of distribution between the producing end and consuming the superfluous middlemen are responsible for higher cost of marketing of vegetables.

3. Market malpractices

There are number of malpractices in marketing of vegetables, such as

1. Manipulation of weights and measures in favour of buyer-traders.
2. Practice of taking large free samples.
3. Secret bargains between seller's agents and buyer's agents. There are so many incidental charges differing from mandai to mandai e.g. Tolai (Weighment), hamali, etc.

4. Inadquate storage

In vegetable marketing storage facilities are very inadquate and primitive. The farmers are forced to sell their product as soon as it is ready. Because they are unable to provide adequate storage accomodation for their product.

5. Inadquate transport

Poor, un-co.ordinated and defective transport facilities constitute the greatest obatacle in the vegetable marketing. Best transport and communications provide the necessary infrastructure for organised markets. Cheaper and

speedy movement of vegetables needs well developed transport.

6. Lack of Reliable and Up-to-Date Market Information

There is no reliable channel for the communication of price information. Efficient and effective marketing process entirely depends upon the continuous flow of marketing information. In absence of regulated markets and co-operative marketing we can not have standing organisation for collection and distribution of essential and latest market information regarding supply, demand, price, etc.

7. Price Fixation

The net return to the grower are influenced by the method of price fixation. In vegetable marketing the buyer make his offer to the commission agent not openly or orally but by moving, touching or pressing of fingers under a piece of cloth. The owner stands aside, and he is not aware of these secrete negotiations between the buyer and commission agent. Such secrete bargains are always unfavourable to the producers or sellers in the vegetable market.