

# CHAPTER - VI

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## CHAPTER – VI

### CONCLUSIONS

#### 6.1 IMPORTANCE OF AGRICULTURAL MARKETING

Agriculture is the backbone of Indian economy. Despite the rapid strides of progress made on industrial front, agriculture continues to play a predominant role in accelerating the economic development. Two basic elements of agriculture are production and marketing. Marketing of agricultural produce is as important as production itself. Agricultural marketing involves the movement of food and raw material from the farmer to the consumer. For this, it requires a marketing system, which in turn depends upon the organisation of market, its structure of conduct. The market structure, conduct and performance are casual and sequential phenomena of interaction among each other in the market.

Sale of goods to the buyers completes the process of production. Otherwise the production remains incomplete. In fact it may even stop if goods produced cannot be sold; these get piled up as stock. These stocks involve costs, and there is a limit to which stock can be increased. Thus, marketing provides, so to say, an outlet for production to flow out. This makes production a continuous process. Thus the very existence of production is dependent upon marketing.

Marketing also helps in decision making concerning the product. The information that a marketing system provides in respect of demand from inside and outside the country, as also about the competing products and their prices, enables the producers to make decisions regarding production. What to produce and how much to produce are determined by the market related information that the marketing agencies make available.

Equally importantly, marketing provides incentives to the producers to produce those goods and in such quantities that fetch the highest returns to them. Marketing can be the use of its techniques of advertising, branding, packaging, delivery etc. add to the value of products, so that the actual price charged is much more than the costs. This induces the producer to produce, more in order to earn higher incomes.

Marketing is also one of the effective instruments for raising agricultural growth and through it the growth of the economy. Higher agricultural production also raised the quantity of marketed surpluses. This in turn provides resources for investment in the economy, including agriculture. Thus marketing, by providing a two way link between agricultural sector and non agricultural sector expands and strengthens the growth forces in the economy.

In the market economy with expanding exports, marketing of agricultural produce, raw or processed, benefits the economy

in several ways. It expands the demand for agricultural goods both in quantity and variety. This helps in diversifying agriculture. The products of agro industries get a boost. This in turn further raised the demand for agricultural goods. The foreign exchange made available through exports, helps in importing the much needed foreign goods.

Marketing confers several benefits of immense importance on the people. The farmers incomes go up through the highest prices they are able to get for their produce. An assured sale of produce also lowers the risks of farming to an extent. They are also able to get the right type of inputs at the rightly time through this very marketing system. This also raised their credit rating in the eyes of the various lending agencies. Moreover, marketing provides several avenues of employment to various types of people. The various marketing operations spread across the country and outside give rise to other activities like insurance, banking, etc.

The population in general benefits in two important ways. The marketing tones down the fluctuations of prices of agricultural commodities, it also keeps the stability in price level of agricultural producer, thereby maintains stable price level across the regions, and generally nearer to real costs as the surpluses rise and the scale of marketing increases. Another benefit accrues specially to the poorer section through a public distribution system (PDS) which is fed

by procurement of agricultural goods through markets and buying operations of the government as in India.

Indian farmer suffers due to his weak bargaining position in relation to the middlemen who have been exploiting the farmer over the decades. Governments at state level have therefore, stepped into prevent this by providing a framework of regulatory measures in relation to the marketing of farm produce. The major steps initiated by the Government in this direction relate to –

1. The establishment of marketing co-operatives,
2. Buying of farm produce and price fixation, and
3. Regulation of markets.

Establishment of regulated market with necessary facilities can be the answer to the marketing problems of the cultivator. The main objectives of establishment of regulated markets are to ensure fair prices to producers, elimination of malpractice and providing marketing facilities, "well regulated market create in the mind of the cultivator a feeling of confidence and receiving fair play and his mood in which he is most ready to accept new ideas and strive to improve his agricultural practice."

An important contribution of the government to the improvement of agricultural marketing is the establishment of regulated markets in several parts of the country. Regulated market is managed

by a Market Committee consisting of the representative of growers, traders, local bodies and government. The Market Committee standardised the various market practices and charges, keeps standards weights and ensures correct weighment. The committee issues licences to the various market functionaries and punishes those among them who are guilty of fraudulent practices. Moreover, it constructs warehouses, rest house and the other market ancillaries. Thus, with the help of regulated market the government can avoid the defects of agricultural marketing by establishing orderly conditions within the Market Yard.

Keeping in view the significance of regulated markets, emphasis was made to develop and expand agricultural regulated market in India during planning period. As a result, the number of regulated market has increased sharply. There were 285 agricultural regulated markets in 195-51, which rose to 7000 in 1997-98, indicating 2373 percent change in growth during 1950-98. As compared to India the progress of agricultural regulated market in Maharashtra did not observe much satisfactory. There were 223 regulated marketing in 1977, which raised to 244 in 1988 and further increased to 225 in 2001, which indicated 9.42 percent increased numbers of markets during 1977-88 and 4.51 percent increased during 1999-2000.

## 6.2 THE GADHINGLAJ MARKET YARD

Before the establishment of the regulated market at Gadhinglaj, the conditions of farmers were not so good. Farmers were not getting better prices for their products. The trade was conducted in the old place, known as 'Pirajirao Peth'. The area was very small. At the time there were just six traders and whole trade was in their hand only.

On the whole there were number of defects in the marketing of agricultural produce, so that Gadhinglaj Agricultural Produce Market Committee was established on 27<sup>th</sup> May 1948, when Kolhapur was separate Province. The Kolhapur Agricultural Produce Market Act No. 8, 1945 was implemented on 21-11-1948. After that in 1948 Kolhapur Province was connected to Bombay. After that Bombay Agricultural Produce Market Act, 1939 was made applicable according to the Deputy Secretary to the Government of Bombay Department; Notification No. 6475/39-21622 HDT dated 17-5-1949. The first Market Committee was nominated on 15-11-1947. The Market Committee met on 15-12-1947 to elect the Chairman and the Vice-Chairman. The Market Committee conducted its business from 1-1-1948.

The objective behind the establishment of Gadhinglaj Market Yard was to establish orderly conditions in the agricultural market and thereby create environment congenial to assurance of better returns to the producer-seller of agricultural commodities.



**a) Benefits to Farmers**

The Market Yard has provided a free and carefully supervised platform for conducting sale operations by the producer-seller with their personal involvement in the operations. Various features have contributed to this vital change. Benefits to farmers in brief are as below.

1. Open auction of the produce.
2. Correct weighment of the consignment.
3. Well trimmed market practices.
4. Prompt payments.
5. Settlement of disputes.
6. Storage facilities.
7. Market intelligence.

**b) Benefits to Traders**

Traders also are deriving benefits from the Market Yard. Through market regulation is aimed primarily at conferring benefits on the producer-seller, it aims also at providing adequate infrastructure required for growth of agricultural marketing activity. Therefore, automatically even otherwise were not available to them.

1. Market Yard for many commodities.
2. Godown facilities
3. Conveniences of transportation
4. Incidental benefits.

Gadhinglaj Market Committee has tried its best to provide number of amenities. If we consider office building, approach roads, shetkari nivas, public godowns, godowns of traders, water and electricity supply shops as the necessary perquisites to from the minimum unit of operation of regulated markets the Gadhinglaj Market Committee passed the test. Most of the facilities are provided by the Committee, to the fullest extent.

### **6.3 MAJOR FINDINGS OF THE STUDY**

Major findings of the study are summarised as below.

1. The arrival of jaggery was recorded 58470 quintals in 1981-82, which rose to 81177 quintals in 1991-92 and further increased to 128460 quintals in 1998-99. Thus, in relative term, it showed arrival of jaggery increase by 38.84 percent during 1981-91, which further rose by 58.25 percent during 1991-99 and overall change was, recorded 119.70 percent during 1981-99.
2. Groundnut is a main crop in the region. Consequently, in the total transaction of agricultural commodities, it occupies major share in the market. In 1981-82, 27909 quintals ground were arrived in the market, which reduced to 27437 quintals in 1991-92 and marginally increased to 30679 quintals in 1998-99. In fact reduction in the arrival of groundnut in the yard is serious concern because agricultural producers might have preferred to sale groundnut in the open market rather than

in the Market Yard. In case of other agricultural commodities like rice, paddy, jawar, bajra, black gram, red gram, green gram, cashew nut, etc. negative growth rates were observed during Period – II (1991-99). Moreover, groundnut and chillies too experienced negative growth rate during the same period.

3. It is observed from the Table 4.2 that the arrival of jaggery increased by 4.47 percent followed by other agricultural commodities (2.19 percent) and groundnut (0.53 percent) during the Period – III (1981-99) on the other hand arrival of chillie reduced by – 5.08 percent.
4. It is further noticed from the Table 4.3 that total value transaction of all commodities was recorded to the extent of Rs. 290.47 lakh in 1981-82, which rose to Rs. 1697.80 lakh in 1991-92 and further increased to Rs. 2155.72 lakh in 1998-99, which indicates 642 percent change between 1981-99, it noticed that value transaction of all commodities continuously increasing.
5. In case of jaggery, transaction increased from Rs. 161.60 lakh in 1981-82 to Rs. 1088.13 lakh in 1998-99, indicating substantial improvement during this period.
6. Compound growth rate of other agricultural commodities like rice, paddy, red gram, black gram, green gram, cashew nut, potato, jawar, bajra, etc. increased by 14.49 percent. Jaggery was next to other agricultural commodities with 11.18 percent,

also good performance of chillie and groundnut during 1981-82 to 1998-99.

7. It can be observed from the Table No. 4.5 that among to major crops under consideration chillie has realised maximum price i. e. Rs.4500 per quintal during 1998-99, then followed by groundnut (Rs. 1450) and jaggery (Rs. 1000). Moreover, over a period of time it could be observed that prices of all crops have increased during 1981-82 to 1998-99, at a varying level. For example price of groundnut increased by 148.43 percent between 1981-91 and 242.52 percent during entire period 1981-82 to 1998-99. Prices of jaggery and groundnut increased by four times between 1981-82 and 1998-99. While price of chillie increased seven times during the same period.
8. Among the all major agricultural commodities, compound growth rate of chillie was higher than other with 11.35, crops received relatively higher prices during 1981-99. Growth rates in the prices of jaggery and groundnut were in between 6 to 8 percent.
9. It was observed from Table 4.7 that the coefficient of variations of chillie was 55.50 percent based on maximum price criteria during 1981-99. It was higher than all agricultural commodities. It can be observed that prices of agricultural commodities were subject to fluctuate to some extent over the entire period (1981-99) realised to producers in the Gadhinglaj Market Yard.

10. During the entire period (1981-99), total turnover of Gadhinglaj Market Yard increased from Rs. 383.06 lakh to Rs. 2394.32 lakh, this figure indicates an increase of 525.05 percent. It showed financial turnover of Gadhinglaj Market Yard has been increasing during the said period, which is good sign of financial health of Gadhinglaj Market Yard.
11. During the same period (1981-99), turnover of agricultural commodity market increase from Rs. 383.06 lakh to Rs. 2167.21 lakh, this figure indicates an increase of 465.76 percent. It also observed that the relative share of agricultural commodity market in total turnover is higher than other.
12. It is further observed that cattle markets share in total turnover was lower than agricultural commodity. Its turnover increased from Rs. 47.93 lakh to Rs. 227.11 lakh, which indicates an increase of 373.84 percent during the entire period.
13. The share of agricultural commodities has continuous been declining. It was 100 percent in 1981-82, which reduced to 90.15 percent in 1991-92 and marginally increased to 90.51 percent in 1998-99. While share of cattle market was zero percent in 1981-82, which increased to 9.85 percent in 1991-92 and marginally reduced by 9.49 percent in 1998-99. The total turnover of Gadhinglaj Market Yard achieve remarkable growth rate with 10.72 percent in the entire period.

Thus Gadhinglaj Market Yard has shown good performance in respect of financial turnover during 1981-82 to 1998-99.

14. It can be seen from Table 5.4 that markets income was Rs. 3.79 lakh in 1981-82, swelled to Rs. 32.98 lakh in 1998-99, thereby recording 770.18 percent increase. As per Table 5.4 Gadhinglaj Market Yard spent Rs. 2.96 lakh in 1981-82 and Rs. 29.38 lakh in 1998-99 resulting into an increase of 892.57 percent. The aggregate expenditure incurred by Gadhinglaj Market Yard over time increased. Moreover, aggregate income also rose at a faster rate. As such, the Gadhinglaj Market Yard could generate its own resources and in course of time accumulate huge reserves for future development programme. Perennial surpluses help the Gadhinglaj Market Yard to become self reliant financially. Gadhinglaj Market Yard has been fortunate enough to be in surplus for last 20 years of its working. It could be seen from table 5.4 that balance of Gadhinglaj Market Yard was Rs. 0.84 lakh in 1981-82 and Rs. 3.60 lakh in 1998-99, which indicates an increase of 328.57 percent. During the entire period, provident fund of Gadhinglaj Market Yard increased from Rs. 8.34 lakh to Rs. 86.38 lakh resulting into an increase of 935.73 percent.

Thus, overall analysis showed that Gadhinglaj Market Yard has making good progress in the field of financial position over the time period under consideration.

#### **6.4 POLICY GUIDELINES**

The findings of the study are quite useful for stimulating the growth of agricultural regulating markets, which encourage ultimately, the growth of agricultural sector in India.

1. What is required is the adoption of a few market and all round development of both infrastructure and institutions as a model one which can exert a profound demonstration effect on the rural community and that can set in motion "revolution of rising expectations" among the farmers. Centralisation of market forces and development of regulated markets need to be the only solution. This channel is important for certain commodities and that should be strengthened.
2. Regulated markets are highly beneficial only when it helps in centralising force. But this is possible only when certain integrated marketing services are offered including facilitative services. This requires several market development programmes. It is difficult to achieve all these together. This necessitates the need for greater specificity and selectively in the approach. An individual farmer should have the option to avail any marketing services and it should be made available

by regulated market. This kind of state intervention will help in developing not only agricultural sector but in transforming the rural economy.

3. The ultimate goal of regulated markets should be the reaction of economic, cultural and social miles which will enable the farmer to feel satisfied. The returns many vary but what is important is the satisfaction that he derives from his participation in the marketing process. Regulated markets have a positive and exciting role to play in the next millennium; policy makers are beginning to feel the need for more information on the dynamics of regulated markets.
4. Market should pay to attract more and more quantities of commodities and maximum number of agricultural commodities. Moreover, farmers should too prefer to sale agricultural commodities in the Market yard rather than private market.
5. Provisions may be made in bye-laws of the Market Committee.
  - a) To borrow funds from banks for infrastructure development.
  - b) To undertake transaction between bidder and producer and tie up arrangements with banks for recovery from producers. State Government may take initiative for



connecting Market Yards with villages through all-weather roads.

6. Financing can be considered by bank for transport operators sponsored by the Market Committees to ensure faster movement of produce from the fields to the Market Yard. Finance can be considered for those farmers who can not dispose their produce immediately against the warehouse receipt issued by the Market Committee.
7. The Market Committee should be proactive and collect and collate information on price of commodities at different centres and fix the minimum floor price for the bidders at the Market Yard so that the farmers do not lose in the bargain.
8. Amenities may be provided to the sellers and bidders and other market functionaries by way of rest house, canteen, staff quarters, etc.
9. Market Yards may consider enlarging their activities to cover marketing of agricultural inputs like seeds, fertilisers, insecticides.
10. A number of new mandis (Market) in town should be raised/built up to provide an effective market outlet for agricultural produce within easy reach of all producers and to relieve the congestion in the old markets. Top priority should be given to construction of the farm-to-market roads. Market Yards may be provided with godowns/warehouse/cold storages to accommodate the unsold

stocks depending on area specific requirements. To fetch remunerative prices to farmers, presale value addition services may be provided like pre-cleaning, grading, storing, standardisation, etc.

11. Functioning of the regulated produce market should be improved, especially to guarantee proper weighing of the producer. Flow of market information through modern media should be upgraded. To eliminate chances of faulty weighing, electronic weighting machines/weigh bridges may be provided. Necessary fire fighting equipments may be provided. More attention should be given to proper grading and packing of produce particularly when it is designed for export. To keep the market Yard fully apprised with latest information on prices the computer may be provided to facilitate storing and analysing the required data. This will facilitate in future to link with all the major markets.

#### **6.5 AGRICULTURAL MARKETING POLICY VISION FOR 2015**

Keeping in view the significance of agricultural marketing, some provisions are made in Agricultural Marketing Policy Vision for 2015.

1. Ensuring food and nutritional security.
2. Increasing efficiency of existing marketing system through professional management scientific operation/handling of agricultural produce.

3. Creation of necessary infrastructure for value addition at rural level.
4. Development of cool chain/cold storage facilities for perishables.
5. Shortening of marketing channel. Promoting direct marketing, thereby restructuring cost and achieving vertical integration between producer and final consumers.
6. Development of rural periodic market in the country numbering nearly 28000 for increased market access to producers.
7. Upgradation/improvement of wholesale markets, handling foodgrains, fruits and vegetables, floriculture, livestock, fisheries, etc.
8. Modernisation of mega markets/developing specialised physical markets, for promotion of exports, facilitating bulk buying of required standard.
9. Strengthening/improvement in retail market chain to safeguard consumers interests.
10. Expanding domestic quality assurance viz. grading network to ensure purity and quality of edible products consumed by common man in dally life, from local markets.
11. Strengthening marketing extension with special emphasis on production planning, standardization, healthy hygienic and

environment friendly package of practices right from farmer to the consumer.

12. Promotion of rural storage with pledge finance facilities for ensuring minimum support price benefits to the small and marginal farmers.
13. Easy accessibility to institutional credit to meet marketing needs.
14. Promotion of group marketing to secure price benefits based on market intelligence information.
15. Development of facilities for quick transport and communication system for inter market linkage, pesticides, etc. to augment their income.