

CHAPTER - I

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**INTRODUCTION AND RESEARCH
METHODOLOGY**

1.1 INTRODUCTION

India is the world's largest producer of food grains, fruits and vegetables. There is vast potential and scope for the marketing of agro-product in India. Internal marketing is expanding and export prospects are immensely taking place. An efficient agricultural marketing system essentially provides incentives for increased production. Global trends show that, agriculture is gearing to produce for specific markets. The internal agricultural marketing system needs to be integrated and strengthened with a healthy environment, smooth channels for transfer of produce, physical infrastructure to support marketing activities, easy and timely cash support marketing to wide scattered community of producers and market orientation among the farmers.

Market information is an important marketing function which ensures the smooth and efficient operation of the marketing system. Accurate, adequate and timely availability of market information facilities are the important decisions about when and where to market the products? Market information creates a competitive market process and checks the growth of monopoly or profiteering by the individuals. It is the lifeblood of a market.

The importance of an efficient agricultural marketing system has been recognized in India since long. In 1935, British Government established an office of the 'Agricultural Marketing Advisor to the Government of India', which was the first step taken by the Government

to bring about an integrated development of marketing of agricultural produce with a view to safeguarding the economic interest of the producers, sellers as well as consumers. Over the years, a number of organisations and institutions have come forward to establish marketing activities like procurement, storage, and ware housing, credit, exports; food processing, etc. Agricultural marketing has been still receiving a lower priority than production.

1.2 MEANING OF MARKET INFORMATION

Everyone engaged in production, and in the buying and selling of the products is constantly needs of market information. This is true, where agricultural products are concerned, for their process fluctuates more widely than those of the products of other sectors. Market information is essential for the government, for creating a policy environment for a smooth conduct of the marketing business and for protection of all the group of persons associated with this. Market information is essential at all the stages of marketing from the sale of the produce of the farm until the goods reach the last consumer.

According to Acharya, 'market information may be broadly defined as a communication or reception of knowledge or intelligence. It includes all the facts, estimates, options and other information which affect the marketing of goods and services.'

1.3 IMPORTANCE OF MARKENT INFORMATION

Market information is useful for all sections of the society which is concerned with marketing. Its importance may be judged from the point of view of individual groups. These groups are :

1.3.1 FARMER PRODUCERS

Market information helps in improving the decision making power of the farmers. A farmer is required to decide when, where and through whom he should sell his product and buy his inputs. Price information helps him to take such decisions.

1.3.2 MARKET MIDDLEMEN

Market middlemen need information to plan the purchase, storage and sale of the goods. On the basis of market information, they are able to know the pulse of the market, i.e. whether the market is active or sluggish, the temperature of the market (whether prices are rising or falling) and market pressure (whether supply is adequate, scarce or abundant). On the basis of these data, they project their estimates and take decisions about whether to sell immediately or to stock goods for some time, whether to sell into the local market or to go in for import or export, whether to sell in their original form or process them and then sell, and so on. The failure of a business may partly be attributed to either the non-availability of market information or its inadequate availability and interpretation. Co-operative working societies operating as commission agents make use of market information for advising their members so that they may take decisions about when to sell their products. Processors make use of market information to plan their purchases of raw material so that they may run their plant continuously and profitably.

1.3.3 GENERAL ECONOMY

Market information is also benefited for the economy as a whole. In developed economies, there is need to have a competitive market processing for a commodity, which regulates the prices of the products. The competitive process contributes to the operational efficiency of the

industry. However, a perfectly competitive system is difficult to obtain, but the availability of market information leads to competitive situations. In the absence of this system, different prices will prevail, leading to the profiteering by specialised agencies. The business of forward trading is based on the availability of market information.

1.3.4 GOVERNMENT

Market information is essential for the government in framing its agricultural policies relating to the regulation of markets, buffer stock, import-export and administered prices, etc.

1.4 TYPES OF MARKET INFORMATION

Market information is of two types. These are as follows :

1.4.1 MARKET INTELLIGENCE

This includes information regarding the facts such as the prices that prevailing in the past and market arrivals over time. These are essentially a record of what has happened in the past. Market intelligence is, therefore, a historical nature. An analysis of the past helps the farmers to take decisions about the future.

1.4.2 MARKET NEWS

This term refers to current information about prices, arrivals and changes in market conditions. This information helps the farmers in taking decisions about when and where to sell their products. The availability of market news in time and with speed is of the utmost value. Sometimes, a person who gets the first market news gains a substantial advantage over his fellow-traders who receive it late. Market news quickly becomes obsolete and requires frequent updating.

1.5 CRITERIA FOR GOOD MARKET INFORMATION

Good market information must meet the following criteria so that it may be of maximum advantage to the users :

1.5.1 COMPREHENSIVE

Market information must be complete and comprehensive. It must cover all the agricultural commodities and their varieties and all the geographical regions. It must cover prices, production, supply movement, stocks and demand conditions.

1.5.2 ACCURACY

The accuracy of market information is essential. The collection of market information is a tedious and expensive task under changing market situations. There must be honesty in the collection of the information. Constant efforts should be made to improve its accuracy. The information reporter must be thoroughly acquainted with the market and the products so that he may collect accurate information about them.

1.5.3 RELEVANCE

Market information must have the relevance in the sense that it must be collected, arranged and disseminated, keeping in view the user's interests. Generally, a lot of information that is collected is not used; the time and energy spent on its collection, therefore, become a colossal waste. It is not enough to through various media; the data must be accurate and useful.

1.5.4 CONFIDENTIALITY

There must be a sense of confidentiality among the firms for whom the information has been collected. The information revealed under this situation of confidentiality will be more correct and may assist in drawing

policy implications. The names of the firms should not be leaked out or exposed.

1.5.5 TRUSTWORTHINESS

Trustworthiness is another criterion of good market information. The agency that collects, must create faith and the users must trust the organization which is making this information available to them.

1.5.6 EQUAL AND EASY ACCESSIBILITY

Every person engaged in marketing, whether big or small, wholesaler, retailer, government or a private agency must have equal and easy access to the available information. There should not be any sort of restriction on individuals in the use of this information.

1.6 REVIEW OF LITERATURE

The knowledge of research work carried out by the other researchers in the past relation to the problem under study is useful and provides guidance to the new researchers in approaching the research problems and conducting research in the right direction. It helps in proper understanding of the concepts, methodological and analytical issues relating to the problem under study.

Before proceeding for fulfilment the various objectives set-out for this study. It is pertinent to review the available literature on the related aspects of the present study. Some research studies have been published in book form, report form and research papers and articles published in the journals devoted to agricultural marketing and the papers read at seminars, workshops and conferences, etc.

Bhatia (1990) studied the composition of the market committees in different states of India. The study revealed that the membership of market committee ranges between 8 and 20 in three states viz. Andhra

Pradesh, Haryana and Punjab. There is a provision for both maximum and minimum number of membership for the market committee. The study also pointed that many of the constituents have hardly any link with the functioning of the market committees. Therefore, the study suggested that only those organizations viz. agriculturists, traders, co-operative marketing societies and the nominees of the concerned government department which are directly concerned with the marketing of agricultural products should be represented on these committees.

Singh et. al. (1998) studied the organization, structure, functions and performance of one of the primary agricultural regulated markets, Krishi Utpadan Mandi Samiti, Doharighat of Mau district in Uttar Pradesh. The study revealed that the objectives of regulated market were not practiced in the selected market. Grading and standardization of produce was not done as accepted by the officials of the Mandi Samiti. The farmers' representation was ignored due to absence of elected Mandi Samiti Board. Auction method was not adopted and sometimes conventional method of sale was used in determining the price of the produce in the market, which did not safeguard the interest of the farmers. The study suggested that provision should be made at a higher level to review the act, rules and bye-laws of market committee to meet the need based emerging requirements.

Acharya (1998) studied the agricultural marketing in India. The structure, conduct and performance of markets are influenced by regularly measures, infrastructure, administrated price regime, direct entry, of public agencies, export and import regime and macro-economic policies. He further suggested that the organizations like APMC should shift their role from fee collectors to market promoters for the produce of

their area. Responsibility of effective implementation of price support policy should also be shared by these organisations.

Mohammad Salim (1986) studied the rural innovations in agriculture. He studied tries to find out, how the cultivation practices, irrigation, use of new agricultural implements, HYV seeds, chemical fertilizers, insecticides/pesticides are affecting by intervening variables such as age, education, caste, landholding status, socio-economic status and media-exposure of the farmers. The basic assumption of the present study is that farmers in India are increasingly progressing towards the adoption of new techniques. His study aims to explore the social dimensions of the process of adoption of innovation in agriculture.

Renuka and Ali (1991) studied the problems in marketing of agricultural products in Andhra Pradesh. The study observed that most of the farmers had sold their output immediately after harvesting either due to lack of storage facilities or to meet present consumption or to clear off the loans. The study revealed that, there were wide range of problems viz. lack of proper crop accounts maintained by the farmers, no knowledge on the sale management, scarcity of infrastructural facilities at the market yard and lack of unity among them.

Chinkara et. al. (1998) studied the problems and prospects of agricultural regulated markets in Hariyana. They observed that the market structure was not flexible to face the problem of additional arrivals and their performance. They suggested that, there is an urgent need to create a market structure which is flexible enough to handle changing supply and demand for a variety of farm commodities. Policies and actions need to be based on empirical evidence rather than administrative hunches. They further suggested that, marketing facilities should be made available to the farmers within a radius of 5 km.

Thomas and Mukundan (1989) studied the marketing of pineapple in Trichur district of Kerala and indicated the problem of lack of proper fruit processing and timely availability of market news and information.

1.7 HYPOTHESIS

Available market information system in APMC is inadequate and farmers and traders are not aware about the modern market information technology equipment. Hence, they are not using the advanced information technology for marketing of their products; consequently, the income of farmers and traders remains low and transaction region is also remained limited.

1.8 OBJECTIVES OF THE STUDY

In the present study an attempt is made to look into the awareness of farmers and traders about the use of IT in agricultural marketing in AMPC, Kolhapur. The major objectives of the present study are as follows :

1. To study the information system in APMC, Kolhapur.
2. To study the users response to IT.
3. To study the effectiveness of IT in the APMC, Kolhapur.
4. To study the possibilities of remaining forward marketing facilities for at least a few agricultural produce.
5. To suggest measures to overcome the difficulties.

1.9 PERIOD OF THE STUDY

This study focuses on the present situation of the use of information technology for agricultural marketing in APMC, Kolhapur for the period 2007-08.

1.10 AREA OF THE STUDY

Area of the study is Agricultural Produce Marketing Committee (APMC), Kolhapur, locally known as Shree Shahu Market Yard with a focus on information technology used in the APMC vis-à-vis farmers and traders using this technology and communication system in the market. Farmers and traders are purposively selected for studying the thrust area.

1.11 STATEMENT OF PROBLEM

The purpose of the study is to find out the agricultural marketing activities operated through APMC, Kolhapur by using information system.

The study finds how effectively the farmers and traders use facility of IT and how many farmers and traders were benefited by this system in the market. The users in fact puzzle which information system is more needed and useful available in the market. In fact it is difficult to find out which modern information technology is suitable in APMC, Kolhapur.

1.12 RESEARCH METHODOLOGY

Agricultural Produce Market Committee (Shree Shahu Market Yard, Kolhapur) in Kolhapur District is selected for research because of its moderate size and operational convenience from the point of time and cost to the researcher.

a) Source of Data

The present work is based on primary and secondary source data. As the study requires more detailed personal information and opinions regarding the use of information technological, equipments from traders and farmers, therefore, the data is collected through schedules and questionnaires. As the researcher requires personal information of

opportunity cost of transaction, the appropriate survey method is selected for collecting the data.

b) Tools of Data Collection

The study is completely relied on collection of primary and secondary data. The interview schedule method is used for data collection. The stratified and random sampling methods were adopted for the selection of the samples. Sources like annual reports, and official records of APMC, Kolhapur and Zillah Parishad, Kolhapur and NIC, Pune is used in study.

Discussion with the officials of the Committee as well as the farmers, sellers proved helpful. Out of total universe of samples 50 traders and 100 farmers were randomly taken up for study.

c) Data Processing and Statistical Techniques

The collected data is processed with the help of SPSS and MS excel and computer software. Appropriate statistical methods such as percentage, average, standard deviation, compound growth rate have been employed for better understanding.

1.13 CHAPTER SCHEME

The entire study has been organized into five chapters. The first chapter deals with the research methodology and data base.

The second chapter concerned with the profile of the Agricultural Produce Marketing Committee, Kolhapur. This chapter explains how to use or practices of information technology in agricultural marketing. This chapter further studied modern information technology like satellite, e-marketing, e-choupal, etc.

The fourth chapter mainly deals with the study of agricultural marketing activities operated through APMC, Kolhapur by using

information system. In this chapter an attempt was made to study the awareness of farmers and traders in the use of information technology and how many of them are benefited by this system in the market.

The chapter fifth is devoted to conclusions and suggestions.

