1.1 PROLOGUE

With the Independence of India came the enormous responsibility of feeding the newly-freed people of the second-most populous country in the world. The Government pledged to win the war against hunger. Considering the imperatives of a large population and the need to improve nutritional standards, the paramount objective was to develop agriculture. It is for this reason that agriculture occupies a predominant position in the country’s economy.

The vast majority of this country’s population depends on agriculture for its livelihood. During the last few decades, there have been significant developments in this crucial sector resulting in higher food production. Green Revolution, coupled with other developmental programmes, has transformed the face of rural India along with the production of oilseeds, jute, cotton, sugarcane, etc. The horticulture sector has come out of its aegis. India is the second largest producer of fruits and vegetables in the world. Indian farmers have demonstrated resilience to respond to the application of modern technology in terms of higher production, increased productivity and changes in the cropping pattern. The country is not only self-sufficient in food grains, but has surplus stocks for export.

In spite of impressive record on agricultural front, clear signs are emerging that it may not be possible to sustain the growth unless growers are assured of fair returns on their capital investment and hard labour. The Government is already aware of
this fact and has taken several measures to deal with the problems which are looming large.

With the rapid increase in population, the total number of people absorbed in agriculture increased from 140 million in 1952 to 402 million in 2001. The development of the industrial and the service sectors has not been competent enough to provide employment to the increasing additions to the working population. Agriculture is the main source of raw materials to the industries. The value of agricultural raw materials is about 20.5 percent of the industrial production in India. The importance of agriculture can also be measured by its contribution to the GDP. The share of agriculture in the national income was estimated at 18.5 percent in 2006-07. The Tenth Plan estimated that the agricultural commodities and allied products would contribute 14.7 percent of foreign exchange earnings.

The rural sector in India accounts for about 72 percent of the population and contributes nearly half to the country’s GDP. The vast size of the sector makes it attractive to the country as a potential market for goods and services to boost their sales and profitability. Rural markets, after experiencing short term “booms” during the 1980s and 1990s, are showing signs of slackness. However, during these periods of slackness, there have been efforts by marketeers to stimulate the market, but without too encouraging outcomes. Lately, there has been a realization that like urban market, rural markets are also showing signs of saturation. The India Market Demographic Report, 2002, by the NCAER (2003) observes that besides the impact of recession in the global economy, there have been many
indigenous factors that have put on hold the expansion of the Indian consumer market, including rural markets in recent times.

The vast size of market and ill-informed speculations about its potential made many multinationals to rush here over the past decade to tap the consumption potential of billions of new consumers. But as the initial euphoria waned, there was a growing realization that billions of consumers have not reciprocated to the multinationals’ embraces. This calls for shift in emphasis from the global to the local consumer, and from globally standardized to locally adapted marketing programmes. Simultaneously, they must delve deeper into the local consumer base in order to deliver on the promise of tapping into billion consumers markets.

The Indian industry has also looked at rural markets in terms of short term opportunities for commercial gains and has failed to develop a deeper understanding of these markets. This lack of understanding is reflected in the observations made by a senior industrialist after the presentation of the budget 2004 who said that, push to the rural economy meant an increase in earnings of rural consumers, which, in turn, meant more disposable income which had a direct influence on the fortunes of a number of corporates. Even in case of multinationals, a fundamental inconsistency has been pointed out in terms of their marketing programmes being scarcely adopted for emerging markets, resulting in low market penetration, low market shares and poor profitability. In order to attract billions of new consumers, the market programmes of multinationals need to be rethought.²
The marketing scholars and practitioners in India have also contributed to the neglect and ignorance of rural marketing in India. The concept of rural marketing means different things to different people. This confusion leads to distorted understanding of the problems of rural marketing, poor diagnosis and, more often than not, poor prescriptions.

With the changing global scenario, the Indian agriculture is at the cross roads. It is high time that India redesigned its agricultural strategies so as to become competitive internationally. The new agricultural policy encompasses four dimensions, namely, commercialization, diversification, value addition and export orientation. The same agenda figures in World Trade Agreement which places emphasis on trade liberalization and globalization. It calls for introducing measures for export promotion through devaluation, relaxation of export quotas, introduction of export subsidies, etc., because export-led growth is now the most important strategy in the free trade regime.

The Government of India has announced a number of liberalization policies since July 1991 to boost the agricultural exports. As a corollary to this, attempts have also been made to reverse the unfavourable terms of trade faced by the agricultural sector in the pre-Liberalization period (1972-73 to 1988-89). Indian Rupee was devalued by 18 to 19 percent against major currencies in the foreign exchange market. Later, the devaluation of Rupee increased to 21.4 percent and its total convertibility was introduced on trade account. All these measures were essentially taken up to boost the exports in the international market.
India has been exporting agricultural commodities to a large number of countries. In items like spices, India is exporting to more than 110 countries. In traditional items of export such as tea, coffee, raw tobacco, cashew, etc., CIS countries have been the important markets.

The improvement in living standard of rural India is one of the major indicators of economic development of the country. About 25 percent of GDP is generated by the agricultural sector. Since the agriculture is one of the major producing sectors in the economy, it influences the performance of other sectors too. Higher income and consequently, the higher purchasing power among the rural households creates demand for industrial goods. The agricultural products must be increased not only to meet the demand of growing population, but also to meet the increasing demand due to rise in incomes and living standards.

Agriculture is the backbone of the Indian economy. Despite the rapid strides of progress made on industrial front, agriculture continues to play a predominant role in accelerating the economic development. The two basic elements of agriculture are production and marketing of agriculture produce. Marketing of agriculture produce is as important as production itself. Agricultural marketing involves the movement of food and raw materials from the farmers to the consumers. For this, it requires a marketing system, which, in turn, depends upon the organization of market, its structure and conduct. The market structure, conduct and performance are causal and sequential phenomenon of interaction on the market. The market structure refers to the characteristics of a market which affects the traders’ behaviour and, in turn, their performance.
Markets are called to be efficient when market prices reflect all the available information, so that no trader is in a position of earning excess profits in a systematic manner, based on the available information.

Efficiency of future market implies that future prices incorporate all relevant information when that information is readily available and widely disseminated. Therefore, it rules out any possibility of exploiting trading opportunities and achieving superior results. Future markets are efficient in the sense used in finance literature.5

1.2 STATEMENT OF THE PROBLEM

The approach to stabilization of food sector has been multi-dimensional. One such approach followed for achieving this objective was the reliance on the agricultural marketing institutions. Having realized that agricultural marketing acted as a multiplier, several agricultural marketing institutional innovations were introduced in the States of India during the recent past.

Accordingly in Karnataka, Agricultural Produce Regulation Act has been passed mainly for the APMCs. This Regulation Act intends: (i) to guide, supervise and advise the agricultural produce market committees; (ii) to create necessary market infrastructure in the market; (iii) to enforce the provisions of the Agricultural Produce Markets Act; (iv) to eliminate malpractices in the marketing system in the State; and (v) to help the farmers in the sale of their produce efficiently. This Act has been recognized as an instrument of agricultural marketing policy. As per this Act, APMCs formulated various development
programmes for marketing. Among these programmes, primary reliance has been placed on the regulation of rural primary markets, development of rural link roads, rural godowns and initiation of farmers’ welfare schemes. These programmes were directed to augment farm production and bring more and more arrivals in the regulated markets. They were also designed to reduce the variation in prices of the commodities, stabilizing and enhancing farmers’ income, economic security, economic access and their treatments in the market.

The proposed research work, therefore, endeavours to study the problems faced by the farmers in marketing their produce at the APMCs in the coastal Karnataka. (the districts of Dakshina Kannada, Udupi and Uttara Kanada). In connection with the agricultural produce marketing activities, various forms and extent of problems could be identified and prioritized to decide upon them by the policymakers. In addition, the APMC’s decision-making procedures like sale volume, Marketing facilities infrastructure provided for marketing, implementation of committee decisions, etc., are the performance evaluation parameters that are to be assessed. From time to time, it is also essential to check whether these APMCs are on track or not, which would then contribute to the understanding of the factors contributing to the farmers’ marketing problems at the APMCs and would help to initiate the measures to be taken to correct any undesirable course of development.

Accordingly the present work has been titled as “Problems of Marketing of Selected Agricultural Produce in Coastal Karnataka.”
1.3 SIGNIFICATION OF THE STUDY

Food is the basic requirement in the hierarchy of needs of the man. The successful domestication of plants, animals, soil and water by settled human communities has hence been the starting point for the evolution of culture and orderly government. Sardar Patel often stressed this fact by emphasizing that only culture that he understood was agriculture.

India being an agricultural country, the empirical information to be generated by this study will be of paramount importance. It would be useful to the farmers and also the management bodies of the APMCs operating under similar conditions elsewhere for improving their performance through appropriate and relevant measures.

The findings of the study would provide a good lesson to the new APMCs proposed to be established and will avoid certain problems at the very beginning. Further, these can be used by the Government departments, agencies and institutions concerned with the agricultural marketing.

The study could also be a good stepping stone for other studies on agricultural marketing and marketing cooperatives. As per the knowledge of the present researcher, no study of this nature has been conducted earlier in the coastal Karnataka; hence it is a maiden venture.

1.4 OBJECTIVES OF THE STUDY

Agricultural marketing involves in its simplest form the buying and selling of agricultural produce. This definition of agricultural marketing might be accepted in olden days, when the village economy was more or less self-sufficient, when the
marketing of agricultural produce presented no difficulty as the farmer sold his produce directly to the consumer on a cash or barter basis. But in modern times, marketing of agricultural produce is different than that of olden days. The modern marketing is surrounded by a series of problems like market facilities, marketing infrastructure, market intermediaries etc., before agricultural produce reaches from producer to the consumer.

A number of studies are being conducted on the marketing problems of agricultural produce from time to time. The findings of empirical studies vary from region to region and from market to market. More cross-section studies at market level are needed and this study is an endeavour in that direction. Coastal Karnataka is one of the most important growers of paddy, groundnut, cashew, coconut and areca nut. Keeping in view marketing problems of these major crops in the above region, this study was conducted with the following objectives.

1. To evaluate the market facilities to the farmers of selected agricultural produce in Coastal Karnataka.
2. To examine the marketing infrastructure for the selected agricultural produce in Coastal Karnataka under study.
3. To evaluate the role of the market intermediaries (APMCs traders) in marketing the selected agricultural produce in Coastal Karnataka.
4. To submit such meaningful suggestions, as may be appropriate.
1.5 METHODOLOGY

Basically, this is a study of Marketing Problems of Selected Agricultural Produce in coastal Karnataka, hence it has relied more upon the primary than the secondary data. But the objectives stated above could be accomplished through the collection of both primary and secondary data. Primary data has been collected with the help of survey method by administering separate structured interview schedules to the concerned respondents. 30% of the total 16 APMCs in coastal Karnataka (5APMCs) are selected for research and among the total 200 farmer respondents 80 farmers from Dakshina Kannada, 40 farmers from Uttar Kannada and 80 farmers from Udupi are chosen by convenient sampling method. Further 100 traders selected under same sampling method, and totally 300 samples are taken. They are farmer beneficiaries and traders at the five selected APMCs. Also, non-participatory observation method has been adopted to record the researcher’s impressions about the market processes such as market arrivals, storage and warehousing, auctions and sales recording, etc.

As the study topic is concerned with the government departments and autonomous bodies like APMCs, the necessary secondary data has been collected through the library research method and Internet searches.

1.5.1 Hypothesis of the Study

The following hypotheses have been tested in the present study:

1. The satisfaction levels of the farmer beneficiaries over the market facilities and amenities available for marketing of
the selected agricultural produce and the market arrivals of
the selected agricultural produce are correlated;
2. The efficiency of the marketing infrastructure and the
turnover volumes of the selected agricultural produce are
correlated.

1.5.2 Sample design

The major crops cultivated in Coastal Karnataka are Paddy,
Arecunut, Coconut, Cashewnut and Groundnut. Marketing problems of
these 5 crops are selected for present study. Agricultural Produce
Marketing Regulation Act, 1966 permitted to start only 16 APMC’s that
is 5 in Dakshina Kannada, 3 in Udupi and 8 in Uttara Kannada out of 21
talukas in Coastal Karnataka. Among these 16 functional APMC’s 30%
that is 5 APMC’s are selected for two reasons;
1. There is highest turnover in these 5 APMC’s when compared to
other 11 APMC’s
2. Marketing of selected crops (Paddy, Arecunut, Coconut,
Cashewnut and Groundnut.) for study is being dealt in these 5
APMC’s.

While selecting farmer beneficiaries for the sample, convenient
sampling method is applied, to choose 40 farmers from each APMC’s. These 40 farmers have also been selected as they grow the crops selected
for the study. Convenient sampling has been applied to select 100 traders
in Coastal Karnataka. From each APMC’s 20 have been chosen. Totally
200 farmers and 100 traders are selected as samples under convenient
sample method because they are in large numbe. The turnover of the
selected 5 APMC’s for the year 2010-11 are as follows.
1. APMC of Mangalore, Dakshina Kannada district with annual turnover of Rs.410 crores,
3. APMC of Puttur, Dakshina Kannada district with annual turnover of Rs.115 crores,
4. APMC of Karkala, Udupi district with annual turnover of Rs.30 crores,
5. APMC of Udupi, Udupi district with annual turnover of Rs. 24 crores,
6. APMC of Sirsi, Uttara Kannada district with annual turnover of Rs.100 crores.

1.5.2.1 Data collection

There were two structured interview schedules administered to:
1. Farmer- beneficiaries of the selected APMCs , and
2. Licensed traders functioning at the selected APMCs.

Additional background information of primary significance was collected from the office-bearers of the selected APMCs, who were knowledgeable in agricultural marketing.

1.5.2.2 Secondary Data

As the topic of investigation has a national significance, the relevant statistical data and information is being compiled and published by various national and State-level government agencies and departments. A diligent search was conducted to compile the relevant statistical information from diverse sources.

1.6 SCOPE OF THE STUDY

The geographical scope of the study was limited to the revenue boundaries of the three coastal Karnataka districts of
Dakshina Kannada, Udupi, Uttara Kannada; the topical scope has covered the functioning of five selected APMCs in the study area. The analytical scope has covered the fulfillment of the study objectives; and the functional scope has been confined to offering a set of meaningful suggestions for improving the functioning of the APMCs.

1.7 LIMITATIONS OF THE STUDY

Primarily, this study is region-specific and hence it has its own limitations. The conclusions drawn cannot be generalised in a wider context. This is mainly because the study region is fairly advanced in its socio-economic indicators vis-à-vis the other parts of Karnataka. The study has limitations like time, financial resources, availability of data, etc., that are normally faced by a student researcher. Despite the limitations listed above, sincere and honest efforts were put in to make the study systematic and effective.

1.8 MARKETING PROBLEMS OF AGRICULTURAL PRODUCE - AN OVERVIEW

18.1 Introduction

In India, agriculture was practiced formerly on a subsistence basis; the villages were self sufficient; people exchanged their goods and services within the village on the barter system. With the development of means of transport and storage facilities, agriculture has become commercial in character. The farmer grows those crops that fetch a better price. Marketing of agricultural produce is considered as an integral part of agriculture, since an agriculturist is encouraged to make
more investment and increase production. Thus, there is an increasing awareness that it is not enough to produce a crop or animal product; it must be marketed as well.

1.8.2 Agricultural Marketing

The National Commission on Agriculture defined agricultural marketing as a process which starts with the decision to produce a saleable farm commodity and it involves all aspects of market structure of system, both functional and institutional, based on technical and economic considerations and includes pre and post harvest operations, assembling, grading, storage, transportation and distribution. The Indian Council of Agricultural Research defined involvement of three important functions, namely (a) assembling (b) preparation for consumption and (c) distribution.

Dhankar G. H., Lallan Rai, Bharadwaj D. B. (2002) noted that, informal marketing may be described as marketing transactions without any formal terms and conditions between farmers- sellers and traders-buyers. In the absence of specific terms of transactions, it becomes sale on “as is where is basis”- a method of sale commonly adopted by the small and marginal farmers to dispose of their produce in the rural areas. Small sized holdings coupled with smaller marketed surpluses in our country have made “informal marketing “as most common method of marketing of agricultural produce in producing areas. A whole set of constraints which prevents farmers participation in organized marketing system constitute extension issues in informal marketing.

Atteri and Bisaria Geeta (2003) found that, an important factor that has also bearing on marketable surplus is the aggregate level of production. Production of crop itself depends upon various factors including inputs used, rainfall and irrigation, technology, price, distance
of agriculture markets and availability of transport. The elasticity of marketable surplus with respect to production can be more than one that is increased production leads to a more than proportionate increase in marketable surplus.

Jochen Meyer and Stephan von Cramon-Taubadel (2003) in a study on a symmetric Price Transmission observed that, price theory plays a key role in neo-classical economics. Prices drive resource allocation and output mix decisions by economic actors, and price transmission integrates markets vertically and horizontally.

K.N. Ravi Kumar Ch. Radhika Rani and K.P.C. Ravi (2003) argued that, with the changing global scenario, the Indian agriculture is at cross roads. It is high time that India redesigned its agricultural strategies so as be come competitive internationally. The New Agricultural Policy encompasses form dimensions viz., commercialization, diversification, value addition and export orientation. The same agenda figures in World Trade Agreement (WTA) which places emphasis on trade liberalisation and globalization. It calls for introducing measures for export promotion through devaluation, relaxation of export quotas, introduction of export subsidies etc. because export-led growth is now the most important strategy in the free trade regime. The Government of India has announced a number of liberalisation policies since July 1991; Indian Rupee was devalued by 18 to 19 per cent against major currencies in the foreign exchange market. Later, the devaluation of Rupee has been increased to 21.4 percent and the total convertibility has been introduced on trade account. All these measures were essentially taken up to boost the exports in the international market.

M. A. Gold, L. D. Godsey, and S.J. Josiah (2004) noted that, marketing diverse specialty products from agro-forestry practices
presents a unique set of challenges for the producer. Diversification is a well-accepted strategy for reducing risk from price and output uncertainty. It can increase profitability by making more efficient use of labour and other resources. Yet, diversification also can increase the complexity of production and marketing decisions. Agro-forestry enterprises that produce multiple niche product and commodity goods in complex integrated production systems require meticulous planning and coordination in order to grow, harvest, and profitably market those goods. Producers are faced with the dual challenge of marketing agricultural commodities and niche market specialty products.

L.K. Vaswani, Aithal Rajesh, Pradhan Debasis, Sridhar G (2005) stated that, the rural markets in India have been increasingly recognized by business as potentially large markets for goods and services. The rural market in terms of households consists of nearly 70 percent of the total households in the country. Although the rural population spends about half of that urban population, it is the sheer number of people that makes rural markets attractive.

While commenting on the development of the rural marketing, it was suggested that the development of rural marketing should not be equated with the extension of the distribution to make goods and services to far-flung areas which is surely one important aspect of the process of marketing. The role of marketing at its present stage of rural growth is more fundamental, almost vital. It has to be viewed as an initiation of the process of motivation for the bulk of the rural population to improve standards of living, especially in those states that have not yet tasted the new agricultural prosperity.

Joachim von Braun (2005) noted that in his study Resource-poor Farmers in changing market and Trade Environments, small scale farmers
are at the center of concerns about globalization, and rightly so because they are the largest employment and small businesses group among the world’s poor. Their businesses use mostly local resources and face local constraints, which are deeply affected by global economic changes. Such changes are difficult for small farmers to project and assess. As a result, millions of small farmers and their families feel trepidation about the future.

Srijit Mishra (2008) opined that, poor agricultural income and absence of non-farm avenues of income is indicative of the larger malaise in the rural economy of India.

S.S. Kalamkar (2008) noted that, India plays a very important role by its contribution in world’s food production; it accounts for more than 10 percent of total world’s food-grain production. India has made impressive strides on the agricultural front during the last three decades. Food-grain production more than doubled form 102 million tonnes in triennium ending 1973 to 227.3 million tonnes in 2007-08. Virtually all of the increase in the production resulted from yield gains rather than expansion of cultivated area under food-grains which remain stagnant at around 124 million hectares. However per capita per day availability of food-grains in India is almost stagnant; it was 468.8 gm/capita day in 1971 and decreased to 426.4gm in 2004. India has emerged as one of the leading producer of fruits, vegetables and milk. Despite the impressive growth and development, India is still a home to the largest number of poor people of the world. With about 251 million below the poverty line, India accounts for about one-fifth of the world poor (Kumar ,2005). Because of high population pressure in India, land and other resources to meet its food and development needs are under severe pressure.
1.8.3 Agricultural Marketing Infrastructure

Efficient marketing infrastructure such as wholesale, retail and assembly markets and storage facilities is essential for cost-effective marketing, to minimize post-harvest losses and to reduce the health risks. Market plays an important role in rural development, income generation, food security, developing rural-market linkages and gender issues. Planners need to be aware of how to design markets that meet a community’s social and economic needs and how to choose a suitable form of new market. In many cases sites are chosen that are inappropriate and result in under-use or even no infrastructure constructed. It is also not sufficient just to build a market; attention needs to be paid to how that market will be managed, operated and maintained. In most cases, market improvements were only aimed at infrastructure upgrading and did not guarantee maintenance and management, most failed within few years.

P.S. Rangi, M.S.Siddu and Harjeeth (2002) in a study on market infrastructure in Punjab Agricultural marketing found that the regulation of markets has solved quite a few problems of agricultural marketing. The marketing of farm produce has become orderly and efficient, particularly at the assembling point. The manifold increase in the agricultural production might not have been achieved without the successful development of an efficient marketing system. The Punjab Mandi Board has provided necessary help to the farmers in the form of a) providing necessary market infrastructure b) linking all the villages to the market with pucca roads c) grading of farm produce d) market research e) market information f) even some welfare activities. The Punjab model of agricultural marketing i.e. levy of market fee on the market arrival of farm produce and investment of a part of this fee back for creating necessary market infrastructure and facilities like link roads in rural areas
for still higher production and efficient marketing system is unique in the developing countries of the world.

M.S. Jairath & Bob Baulch (2002) noted that, the enforcement of market regulation in the State provided a stimulus for ensuring orderly marketing of agricultural produce. The government initiated proceedings to bring existing agricultural produce markets under the regulatory provisions. Prior to the enforcement of the Rajasthan Agricultural produce Markets Act in the year 1994, only one market in the state was of market regulation, 145 markets accounting for 38 percent of the total markets were regulated before the establishment of Rajasthan Agricultural Marketing Board. The Board in 1974 gave impetus to this programme and by the end of 1980-81, 337 markets accounting for 88 percent of the market in the State were covered under market regulation programme.

National Seminar on Agricultural Marketing Reforms Proceedings (2002) concluded that, deliberating on the status of marketing infrastructure available, Dr. Acharya emphasized that out of 7230 markets only 482. had yards and sub-market yards lacked minimum facilities. Grading and standardization facilities required for better marketing, were almost absent in our markets. Only 30% of required scientific storage and 10% of cold storage facilities were available. Out of rural periodic numbering 27294 only 15% were developed. Supporting the recommendations of Expert Committee, Dr. Acharya projected investment requirement of Rs. 2,68.472 crores. He suggested mobilization of investments in market infrastructure to the tune of 50% from private sector, 30% from central sector and 20% from State sector. And to achieve this goal, we needed enabling regulatory framework with complementary investments.
P. Satish (2007) in his study Rural Infrastructure and Growth found that, adequate infrastructure raises productivity and lowers production costs, but it has to expand fast enough to accommodate growth. As the Kerala’s economy was a relatively closed economy until mid-1990s. Cultivation of commercial crops such as coconut, rubber, tea, coffee, spices, etc. was fairly profitable even without much improvement in productivity and value addition because of protected internal market and prospects for exports.

1.8.4 Agricultural Marketing Facilities

In order to have best advantage in marketing of his agricultural produce the farmer should enjoy certain basic facilities.

1. He should have proper facilities for storing his goods.

2. He should have holding capacity, in the sense, that he should be able to wait for times when he could get better prices for produce and not dispose of his stocks immediately after the harvest when the prices are very low.

3. He should have adequate and cheap transport facilities which could enable him to take his surplus produce to the mandi rather than dispose it in the village itself to the village money-lender-cum-merchant at lower prices.

4. He should have clear information regarding the market conditions as well as about the ruling prices, otherwise may be cheated. There should be organized and regulated markets where farmer will not be cheated by the dalals and traders.

5. The number of intermediaries should be as small as possible, so that middleman’s profits are reduced. This increases the returns to the farmers.
Andrew W Shepherd (2003) observed that accuracy, availability, applicability and analysis are the four A’s of market information. If MIS are to have any meaning for farmers the information they must be accurate and farmers must understand to which product, quality, etc. the prices refer.

Further, even if prices are completely accurate, they are of little use if they are only available to the farmers too late for them to use effectively. Thirdly, farmers need to apply the accurate information made available to them. This requires knowledge of how to convert the prices they receive from the MIS into a realistic price at their local market or farm gate. Finally, farmers need long-term data, which has been analysed in such a way that they can make decisions about when to plant and harvest and what new crops to diversify into.

Randev A.K (2008) found that, the movement of produce from producers to the consumers at the lowest possible cost, consistent with the provision of services desired by the consumers may be termed as efficient marketing. The concept of marketing efficiency has been found to be so broad and dynamic due to variations in prices of inputs and outputs with the passage of time that it requires continuous validation over a period of time.

1.8.5 Marketing of selected agricultural produce

Agriculture is the core sector of the Indian economy. The vast majority of people of this country depend on the agriculture for their livelihood. During the last few decades, there has been significant development in this crucial sector resulting in higher production. Green revolution coupled with other developmental programmes has transformed the face of rural India. Main commercial crops grown in study are paddy, coconut, areca nut, cashew nut, and groundnut.
P. K. Baruah R. N. Barman (2002) stated that, marketed surplus indicates the quality of the produce which the farmer-producer actually sells in the market, irrespective of his requirements for consumption, farm needs and other payments. A number of factors at the farm level affect the actual volume offered for sale in the market.

S.P. Gupta and D. Prasant (2003) their study Marketing and Processing of Cashew nut in Goa State, found that though the improvement in the production is quite important, marketing and processing have also equal importance as production to develop a commercial crop which is purely produced to sell in the market for its further processing. This importance becomes quite more in such crop like cashewnut which has the problem of perishability and seasonality. Any shortcoming in the marketing and processing of such produce will not only discourage the producers, but will also reduce the satisfaction of the consumer. Moreover, the problem in the processing may reduce the producer’s share in the consumer rupee.

B.R. Atteri and Geeta Bisaria (2003) argued that another important factor that has also bearing on marketable surplus is the aggregate level of production. Production of a crop itself depends upon various factors including inputs used, rainfall and irrigation, technology, price, distance of agricultural markets and the availability of transport. The elasticity of marketable surplus with respect to production can be more than one, i.e., increased production leads to a more than proportionate increase in marketable surplus.

S.S. Wadkar, J.M.Talathi and S.R. Torane. (2005) noted that India’s export of cashew kernels had increased from 16.9 thousand tonnes in 1847 to 50.90 thousand tonnes in 1991-92. Further the export of cashew recorded for the year 2000 was 92.5 thousand tonnes. The
international scenario of cashew kernel trade keeps India still next to none, but closely followed by Brazil with 30 per cent share captured.

H. Basavaraja, S.B. Mahajanashetti and P. Sivanagaraju (2008) observed that the quantitative analysis of agricultural production systems has become an important step in the formulation of agricultural policy. A number of empirical studies have attempted to investigate producer responsiveness to product and input price changes, to estimate economies of scale, to assess the relative efficiency, and to measure the impact of technological change. In particular, there has been a considerable amount of theoretical and applied econometric research on the measurement of the impact of technological change. As knowledge of new and more efficient methods of production (cultivation in agriculture) becomes available, technology changes (Koutsoyiannis, 1983). The adoption of new or improved method of production/cultivation can shift the production function.

Bob Baulch, Henrik Hansen, Le Dang Trung and Tan Ngo Minh Tam (2008) opined that, about two thirds of Vietnamese farm households grow paddy to serve the high domestic demand for rice exclusive of exporting requirement. Roughly 53% of Vietnam’s agricultural land area, which is approximately 4 million hectares, is devoted to the growing of paddy.

Sanzidur Rahman, Aree Wiboonponge, Sangsak Sriboonchitta and Yaovarate Chavanapoonphol (2009) reported that, the increase in export price, as well as the doubling of farm prices of Jasmine rice between 1988 and 2007, was largely responsible for the increased volume of production. It provided farmers with incentives to switch to Jasmine rice.
1.8.6 Agricultural produce market committee

Government of India has adopted a number of measures to improve agricultural marketing, the important ones being- establishment of regulated markets. Regulated market is administered by a market committee. It is consisting of representatives of state government, local bodies, traders, commission agents and the farmers themselves.

M.S. Jairath and Bob Baulch (2002) noted that in a case study of Rajasthan State Agricultural Marketing Board, in a competitive market, there need to be large number of effective buyers and market functionaries although mere presence of large number of functionaries in the market may not guarantee for fair competition. It has been observed that before the establishment of the Board and many traders and commission agents were handling number of commodities. After the formation of Board, these traders started in specializing in selected commodities and new type of specialized market functionaries started to emerge. This trend enhanced the availability of effective number of bidders for individual lots.

K N Ravi Kumar, K Sri Laxmi, V T Raju (2003) argued that Regulated markets are established in Andhra Pradesh as per the act, 1966, so as to promote healthy and orderly marketing by eliminating unhealthy and unscrupulous practices. In these markets, intermediaries play a vital role in price formation which in tern has a great bearing on the sales proceeds received by the farmers. Therefore, competitive performance of market intermediaries is indispensable main stay of marketing system to ensure a better price to the farmers.
References:


