MARKETING STRUCTURE OF FRUITS AND VEGETABLES

Marketing is the performance of business activities that directs the flow of goods and services from producer to ultimate consumers. Marketing involves all those activities which affect the transfer of ownership and possession of goods and services and provide for their distribution among large number of consumers spread throughout the region. Marketing is a process by which goods and services are exchanged and their prices are fixed in term of money units. In fact it is a business activity through which human wants are satisfied and purchase and sales of goods and services are performed effectively.

In an economy where products are produced by numerous producers, it is not practically possible for each producer to approach ultimate users directly himself. The producer producing on small scale can not undertake directly the marketing of his produce. An individual producer in fact produces so little that he may not be able to undertake economically direct marketing of his produces to the ultimate consumers. The producer is bound to take the help of an intermediary for marketing his produces. In most cases, the commodities change hands two or more times before they reach to the ultimate consumers. This is particularly true about agricultural commodities and a host of other produce including Fruits and Vegetables. The producers generally sell their produces
in the markets located close to the producing area which are called open markets or unauthorized markets.

The marketing activities (i.e. purchase and sale) are usually conducted through intermediaries or arhatiyas who charge commission or remuneration both from buyers and sellers for their services. Some time the commodities are procured directly by consumers from producers. But the volume or proportion which moves directly from producers to consumers is generally not very significant. On the contrary, bulk of the produces move from producers to consumers via intermediary or middleman. The numbers of intermediaries who handle the produces vary produce to produce. Sometimes according to the circumstances the number of intermediary varies too. To get along with those circumstances and specific area specialization producer has to change his marketing structure. For example, in rural areas first the producer directly approach the consumers, afterward the number of intermediaries get involved, whereas in urban areas this approach is not followed and the producers follow the ultimate marketing structure right from the beginning.

The arhatiyas not only act as an intermediary but also performed the function of wholesaler. Sometimes the arhatiyas purchased the produces from the producer and store the produces and perform rest of the activities like a wholesaler. But as we know that Fruits and Vegetables are very much difficult to store for a long period because of their perishable nature generally arhatiyas avoid
storing them and are mostly interested in selling the produces at the earliest after charging their prescribed commission.

In the present chapter we are going to discuss the marketing structure of Fruits and Vegetables as obtained in Meerut region. The marketing structure of Fruits and Vegetables is being discussed here with the view point of popularity and its existence in the different areas (i.e. urban, suburban and rural areas). Various standard levels of marketing which are found in case of Fruits and Vegetables at local level are as follows:

**Ist Structure**

```
GROWERS
↓
MANDI SAMITI YARDS
(Through commission agents)
↓
WHOLESALE
↓
RETAILERS
↓
CONSUMERS
```
The above one is the complete marketing structure of Fruits and Vegetables. According to this structure first of all the grower of fruits and vegetables approach to the commission agents who are involved in purchasing and selling of these produces in the Mandi Samiti yards, situated in each region for the proper performance of the buying and selling process. The wholesalers of the produces are directly in touch with the commission agents (Arhatiyas). The arhatiyas contact to the wholesalers and sell them the produces according to their requirements. In other words, we can say that arhatiyas usually bring together sellers and buyers and act as commission agents. They charge commission for rendering their services to sellers and buyers. The arhatiyas also provide financial assistance in some cases when it is required by the wholesalers. Wholesalers of the produces play an important role as a part of the marketing structure. These wholesalers firms collect Fruits and Vegetables during the production period and release the produce to different markets at an opportune time. The wholesalers keep the Fruits and Vegetables in the cold storage so as to make sure the availability of these produces in off season too, and to recover the better margin.

The wholesaler sells the produces to the retailers who are the most important part of the marketing structure. The retailers purchase the produces from the different wholesalers of the produces according to the demand of the consumers and earn a reasonable margin. The retailers are directly in touch with the consumers. As far as the matter of popularity is concerned, the
The above one is another marketing structure which is being noticed during the study. In the above structure the Growers of Fruits and Vegetables do not try to sell their produces in the Mandi Samiti yards rather they sell their produces in urban open markets. This is the market where there are so many arhatiyas come to bridge the gap between buyer and seller but they all are unauthorized arhatiyas and they are not concerned with the Mandi Samiti. They have their own buying and selling practices, which is based on the bid process. But the question arises why the growers approach to such open markets? The reason is very much clear that these open
markets are situated in nearby areas and prove convenient to the growers. This is the main cause, which fascinates the growers to come and sell the produces in these unauthorized markets. Afterward the arhatiyas sell the produces to the wholesalers and the further process is followed until the produces reach to the ultimate consumers.

The above marketing structure is equally popular in urban and suburban areas, because the growers in these areas generally come in the contact to such unauthorized markets and avoid performing further marketing activities, but it is found unpopular in rural areas. In rural areas the growers of small holding sell their produces to the collection point situated near the growing areas.

IIIrd Structure

GROWERS

DOWN

URBAN OPEN MARKETS (Retailers)

DOWN

CONSUMERS

The above marketing structure is also noticed with different degree of popularity in urban, suburban and rural areas. In this structure the growers directly target the retailers in the open markets
and sell their produces to the retailers so as to eliminate the arhatiyas. By doing so growers try to make healthy communication with the retailers and provide them the desired produces at the reasonable prices. The rest of the activities which are being performed between retailers and ultimate consumers are found to be as usual as they followed in another structures.

Practically the above structure is less popular in urban areas, it means this method (marketing structure) does register its existence in urban areas but in suburban areas it is very much popular. In other words the above structure is followed in suburban areas with highest degree of success. As far as the rural area is concerned this method of marketing is less popular.

**IVth Structure**

```
GROWERS
    ↓
CONSUMERS
```

The above one is the last but not the least marketing structure. This is basically based on the direct marketing system. But this method is practically popular and followed in rural areas by the growers of small holdings. The above marketing structure involves only two activities right from growers to consumers. The growers of Fruits and Vegetables most probably belong to the urban areas and
do not face any difficulty to find the consumers nearby the producing or growing areas. But the success or significance of the above structure is restricted, as the number of consumers in rural areas are very much less and for selling the rest of the production the producers or growers of these produces have to follow rest of the other structures as per the requirement of the disposables produces availability with them.

As far as the popularity of the above structure is concerned it is not popular in urban areas because of the limitations prevailing in urban areas for the applicability of this structure and moreover in urban areas and suburban areas the producers or growers of fruits and vegetables seldom come in direct contact with the ultimate consumer that’s why it is less popular in sub-urban areas. Only in rural areas this marketing structure is most popular because of the favorable circumstances prevailing in rural areas. It is also noticed that the growers in case of Fruits and Vegetables start approaching to the ultimate consumers in the urban areas, but the proportion of such practice is very less. But here from last few years, an increase in this proportion is noticed. Now the growers realize that this direct marketing structure will get them a higher price as compared to follow rest of other marketing structure. The consumers in urban and sub-urban area also like to buy the produces direct from the growers. Because of the above reasons this marketing structure is getting popular day by day.
The above structure of marketing is specially found in case of Fruits. In this structure a new marketing intermediary as contractor cum trader also get involved. Contractors cum Traders are persons having grip in the urban markets and generally they are financially strong. They come to the growing areas and directly contract to the growers for the bulk purchase of their whole production on contract base, by paying them a lump-sum amount for it. If the growers are ready to give their whole crop at negotiable price, they are free from all the further marketing activities. Now this is the job of the
contractor to sell the whole produce with the help of his own source. In practice generally it is found that these contractors sell these produces on the basis of their own term to the wholesalers at high price and provide financial assistance by allowing them credit payment. In this case it is noticed that the produces do not go through the Mandi Samiti yards and all the Mandi Samiti expenses become a part of the margin for the contractor and other intermediaries. After produces reached to the wholesaler these produces are sold to the retailers and then to the ultimate consumers. Here we see that in this marketing structure growers are not liable to perform any marketing activity and also not concerned with the wastage etc. More over they get the price of their crops in lump-sum, which help them to plan for the next crop. This structure is quiet popular in case of Fruits like Mango, Apple, Pomegranate and Lichi.

MARKETING OF FRUITS AND VEGETABLES AT NATIONAL LEVEL

Marketing of any produce at National level means, sale and distribution of produces in different parts of the country. When the grower of one state goes to sell his produces to other state this is called sale at national level. For this purpose he needs to get an approval from the Patwari or District Magistrate to sell his produces out of the state. This permission is granted on a ‘Kisan Bahi Book’. This is a book having the complete details of the grower along with
his passport size photograph. After passing through all these legal formality, now the farmer or grower can sell his produces all over India. Now the question arises, for selling his produces what structure is followed by him. Mainly there are two basic structures which are being followed by the growers. They are as follows:

**1st structure**

```
GROWERS
  ↓
MANDI SAMITI YARD
(State in which sale takes place)
  ↓
COMMISSION AGENTS IN MANDI
  ↓
WHOLESALEERS
  ↓
RETAILERS
  ↓
CONSUMERS
```
In the above structure the grower of any produce take his produce to the state in which he wants to sell his produce, and sell it in approved Mandi Samati Yard with the help of commission agents. The rate of commission varies from state to state. As we know that Fruits and Vegetables are of perishable nature and can not be preserved for a long time, so in this kind of structure nearby states are targeted to sell the produces. This kind of structure is also followed in case, where a specific produce is grown in bulk and create its demand all over the country. For example Kashmiri Apples are famous all over India, Mango of Meerut and Lucknow also has its own identity. For this only reason they are sold allover India. The another reason of following this structure is to ensure the proper utilization of the produces, as the entire quantity can not be ensure to be consumed in specific area where it is grown.

1Ind structure

GROWERS

\[\downarrow\]

WHOLESALERS IN OTHER STATE

\[\downarrow\]

RETAILERS

\[\downarrow\]

CONSUMERS
The above structure is also followed by the growers of Fruits and Vegetables for marketing their produces. This structure is followed when the growers have link in different states with the wholesalers. In such case they do not introduce their produces in the Mandi Samiti Yard and sell it out of Mandi Samiti Yard directly to the wholesalers. The main reason of following this structure is to save the Mandi Samiti tax and other charges of that state and using personal link for selling the produces without taking the help of the Mandi Samiti and commission agents.

**MARKETING OF FRUITS AND VEGETABLES AT INTERNATIONAL LEVEL**

The physical distribution of products involved broad range of activities relating to efficient movement of such products from the production to the consumption lines. In other words “The distribution channel comprises set of institutions which performs all the activities or functions utilized to move a product and its title from production to consumption”. It is known to all us that international level marketing channels are used for export or import of a particular product or produce. According to Hess and Cateora\(^1\) “International marketing is the performance of business activities that direct the flow of goods and services to consumers or users in more than one nation”. It means that international

---

Marketing involves in itself different markets and consumers who might have different needs wants and behavioral attributes.

A suitable distribution strategy is needed to be adopted in case of international marketing as the existence of more than one market necessarily make the marketing process complicated. Since the different countries of the world are independent the government of each country enacts legislation to control the foreign trade. In other words, the decisions regarding physical distribution involve internal as well as external organ, legal commitment and obligations to other firms and individuals. International marketing runs through all the rules and regulations of concerned countries.

Thus the process of international level marketing has a great difference with the process of national level marketing. Hence the marketing channels for exporting perishable nature goods like Fruits and Vegetables are very much different from channels used in national or local level. As international level marketing procedure is lengthy as compared to local and national level marketing procedure, hence a high degree of attention is required for planning marketing structure at national level.

The different marketing structures, which are being used for international marketing of Fruits and Vegetables by growers and other persons involved in it, are as follows:
As we know that Fruits and Vegetables are of perishable nature and because of this perishable nature they can not preserved for long a time. This is the reason, why a very standard and limited marketing structure is followed at international level. In this structure first of all the growers of said produces contact to the export agencies and other authorized arhatiyas who run such kind of agencies in foreign countries. Here it is to be noted that these
agencies deal in specific produces, hence a producer may contact these agencies for the purpose.

Thus foreign agencies finally order for required quantity and then the produce is exported taking care of the packaging standard and all required legal formalities. In Meerut district mango is exported in different countries of the world. In the year 2003-04 a huge export order of mangoes was delivered to London. **Mr. OM PRAKASH KANODIA OF M\S AGRO KANODIA DELHI** finalizes the deal.

**IIInd structure**

```
   GROWERS
     ↓
MIDDLEMEN IN FOREIGN MARKETS
     ↓
RETAIL OUT LET IN FOREIGN MARKETS
     ↓
CONSUMERS IN FOREIGN MARKETS
```

The above structure of international marketing of Fruits and Vegetables is also found from last few years. Now growers are getting aware about the export of their produce in foreign countries and want to compete in the international market after eliminating undue intermediaries and unusual margin. In this case they directly
make contact to the export import agencies involved in sales and purchase of Fruits and Vegetables and send them samples for finalizing the deal with them. After that the foreign agencies sell these produces to different retail outlets there in foreign countries. After that the produces reach to the ultimate consumers. This structure is not very popular but it involves more transparency as compared to the earlier one.

* * *