CHAPTER III
Agricultural Marketing in India
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3.1. Introduction

Regulated marketing system of agricultural produce provides answer for removing the anomalies as well as providing social justice in priority regions, which ultimately may become a seed for a developed nation. The efficiency with which regulated agricultural markets of a region operate, decides the pace of the development of that region. There is, a great need of the overall evaluation of the functioning of regulated market as well as the configuration of market yard of a given region. That is why any study related with regulated agricultural market in association with various areas of performance with special reference to Nanded district is attempted here.

This chapter presents the overall situation of marketing of agricultural produce in India through organized markets. This chapter reviews the development of agricultural produce market committees in India & Maharashtra in general with special reference to Nanded district.

3.2. Agricultural Marketing:

There was no problem of agricultural marketing in ancient India as Indian villages were self-sufficient, self-dependent and self-contained isolated units. During the reign of the Mughals, the process of marketing was based on the individual efforts of peasants to the same extent as that of today. In the 13th century, grain dealers of Northern India used to buy grain in the villages and sell it among the villagers, which they had purchased in the towns. During the regime of Aurangzeb, peasants, after keeping some quantity of grain for home consumption and seed, used to sell the rest.
Thus, the system of marketing prevalent in those times was not very different from that of obtaining in modern times. Marketing is the crux of all our agricultural problems as the distribution of commodities is as important as their production.

The chain of agricultural produce market is shown in exhibit No. 2

Exhibit No. 2
Agriculture Products Marketing

Some general features of agricultural produce market are as follows.

a. The market size is large and expending.

b. It is dominated by the private sector and.

c. By and large the unorganized segment is much larger than the share of organized processing sector which is increasing and.

d. Despite the large number of market players due to infrastructure bottlenecks coupled with geographically dispersed marked places, the possibilities of localized monopolies or oligopolies cannot be ruled out.
3.3. Importance of Agricultural Marketing:

The vital role of rural marketing has to play in the economic development of a developing country, which is beyond any doubt at present. In addition to the movement of finished goods from rural areas, particularly food grains and supplying inputs for the rural sector, rural markets also help in preventing starvation and deaths in drought and flood-hit areas in different parts of the country. Recent trends in the developmental process have also given an impetus for the development of rural marketing.\textsuperscript{10}

One of the prerequisites for agricultural development is an efficient marketing system. Unless the farmer is able to sell his produce at a remunerative price, he will have no incentive to adopt better farm practices to increase agricultural output.\textsuperscript{11}

Agricultural marketing plays an important role in accelerating the space of economic development in addition to stimulating production and consumption. Its dynamic functions are of primary importance in both, agricultural and economic development. As such marketing has been described as the most important multiplier of agricultural development.\textsuperscript{12}

Marketing is as critical as to better performance in agriculture as farming. Market reforms ought to be an integral part of any policy for agricultural development. The National Commission on Agriculture (NCA-1976) has also emphasized that produce must be satisfactorily marketed. Marketing is a complex subject. Marketing connotes a series of activities involved in moving goods from the point of production to the point of consumption. Agricultural marketing is the study of all the activities, agencies and policies involved in the procurement of farm inputs by the farmers and the movement of agricultural products from the farms to the
consumers. Thus, Agricultural marketing system is a link between farm and non-farm sectors. All the groups of persons associated with agricultural marketing are interested in having an efficient marketing system.

An efficient system of marketing is essential for the economic development of a country. Marketing becomes an important instrument in improving the income of the individual producers of all categories apart from meeting the requirements of the customers. Rural marketing is important in the following ways:

1. Development of marketing leads to the integration of different sectors of the economy such as agriculture, industry, transport etc.
2. Marketing helps in the creation of different utilities like form utility, time utility, place utility, etc.
3. In developing countries, well-organized markets will encourage even the small farmers to turn out marketable surplus. Further, marketing facilities encourage the small farmer to raise cash crops and money through a well-organized marketing system. It becomes possible to make available foodstuffs, etc., at different centers and secure non-farm products.
4. With the advent of the Green revolution, there is possibility of a bigger marketable spread of Green Revolution. The first generation problems are supply of high-yield variety seeds, chemical fertilizers, pesticides, etc. The outcome of the application of these modern inputs is responsible for substantial increase in marketable surplus. Therefore, the second-generation problem is one of creating marketing facilities so as to enable the farmers to sell their produce at remunerative prices. It is also said that marketing helps in introducing new crops and improved method of cultivation.
5. Through marketing, rural income increases thus leading to higher rural savings. This in turn, will help modernization of agriculture and capital formation for industrial development.

6. Marketing helps to maintain stability in the prices and also economic stability in the country. In the marketing process, goods are purchased and stocked. They are purchased at time when there is more production. By so doing, it is possible to check the rise in the price level. In a situation, where there is low production, the price level is bound to increase. At this stage, the goods stocked may be released to the market, and this will help to check the rise in the price level. In this way, through marketing, it is possible to prevent excessive fluctuations in the price level and maintain price stability.

7. Marketing helps to achieve and maintain a higher standard of living. To achieve a particular standard of living, the supply of different goods and service are is necessary and there must be a continuous supply of these different goods and services. An efficient marketing system will help to provide the different goods and services, whenever they are required and wherever they are required. In the words of Richard Buskirk, “Marketing delivers the standard of living to the people by satisfying the multitude of need and desires of the consumer.”

8. Marketing helps to increase employment opportunities to members of the society both in production and marketing activities.

Needless to say, the development of agricultural marketing is essential in modernizing agriculture. Through well-developed rural marketing, it is possible to
develop the rural economy. Therefore, development of marketing in rural areas assumes paramount importance in the context of rural development.

3.4. Types of Agricultural Markets:

The agriculture produce market is of different types. Some of the important types are mentioned below:

1. Primary markets.
3. Terminal markets.
4. Fairs.
5. Regulated markets.

3.4. 1. Primary or Local Markets: These markets are known as Shandies and are organized by village Panchayats. They are held once or twice in a week at a common place. Village Panchayats charge some rent from the shopkeepers for the space occupied. Hugging and bargaining are the common features. The village Bania acts as a middleman in such markets. There are about 22000 mandies, mostly situated in the interior parts of the country. Each such mandi serves on an average area of 8 to 16 km. radius. A majority of the agriculturists sell their farm produce at these markets. The hat - bazzars in Maharashtra, Tamil Nadu and Andhra Pradesh deal in both agriculturist's produce and livestock while in Uttar Pradesh, Bihar and West Bengal, deal mainly in agricultural produce. Such Markets are known as hats in U.P., Bihar, Orrisa and West Bengal and mandis in South India. Hats and bazaars in Nanded district are held nearly at every Taluka place on weekly basis.
3.4.2. Secondary Markets: These markets are also known as wholesale or assembling markets and they are called Mandis. At present there are 4145 larger markets, situated either at Tahasil headquarters or in a large villages or town. On an average, such market serves a geographical area of 775. sq. km. and population of about 1.32 lakh. In these markets, transactions are generally made between wholesalers or between wholesaler and retailers. Markets like Chaodausi (U.P.), Kurnool (Andhra Pradesh), Tiruchirapally (Tamil Nadu), Calcutta (West Bengal), Sri Ganganagar (Rajasthan) etc. fall in this category. These markets are permanent in nature and business is transacted regularly throughout the year. Sometimes these markets provide facilities of storage, handling and banking services etc. A number of middlemen operate in these markets. *Kachcha Arhatiya* (Sale/agent) and *Pakka Arhatiya* (Purchasers) are two intermediaries in the transactions. In Nanded district mandis are situated at Nanded, Naygaon, Deglur, Loha, Kandhar and other places also.

3.4.3. Terminal Markets: Such markets perform the function of carrying goods to consumers, final buyers or to place to processing. These are to be found in big cities or at ports. The area of operation of these markets is extended over a state or sometimes even more. It has been noticed that some markets work as a primary wholesale market for particular while the other works as a secondary market for another commodity. In Nanded district the Nanded city can be called a terminal market. The nearest other market is at Akola and Jalna.

3.4.4. Fairs: Fairs are held on religious occasions at pilgrim centers and they are significant places of marketing of agricultural commodities. About 1700 fairs are held which deal in agricultural produce and livestock. Of these, 50 per cent deal in livestock. 10 percent both in livestock and produce and 40 percent deal in
only agricultural produce. These are mostly popular in Maharashtra, U.P., West Bengal and Rajasthan. In Nanded district a big fair is held at Malegaon on the occasion of the Navratri festival of the god Khandoba. where large number of dealers gather together. It lasts for about a month.

3.4.5. Regulated markets: Such markets have been set up the government with the sale purpose of checking fraudulent practices which are common with the traders in the primary and secondary markets. In these markets, government rules and regulations are strictly followed.

3.4.6. Co-operative and State Trading: The co-operative market function on the basis of the principles of co-operation while state trading is done by Government agencies like Food Corporation in India. The main motto of co-operative markets is to eliminate middlemen and intermediaries and supply the entire produce to the consumer directly. On the other hand, state trading agencies set up their centers specially during the harvest days to procure produce from cultivators at fixed prices.

Having described the various types of markets that are connected with the agricultural produce in general, it would not be out of place to discuss the role of regulated markets in marketing of agricultural produce.

3.5. Regulated Market:

Out of the above types the present study is related with regulated market managed on the basis of co-operative system. Agricultural markets do not function efficiently and as a consequence the whole process of distribution of agricultural commodities from the point of production to the point of consumption become costly and iniquitous to both the producers and the consumers. Characteristically, agricultural producers, on the one hand, are not properly organized on institutional
basis and on the other hand, consumers have also remained disorganized and helplessly weak. In the process of planning, both these groups are being encouraged to get operatively institutionalized. Yet, the process has all along remained very slow and hence disappointingly inadequate to deliver justice on both the interdependent social groups viz. the producers and the consumer.

Regulations of markets through statutorily constituted agricultural produce committee have been in force for sufficiently long time by now in India. However, its coverage has still remained very inadequate. There was about 5186 and more primary agricultural market centers in India at mandi level out of which hardly about 2317 markets are reported to have been so far regulated under the APMC acts of the concerned States (1982). Regulated markets are essentially conceived as catalysts for facilitating fair trading in the agricultural markets. The deficiencies of unregulated markets are well known exploitation of weak farmers (who are over anxious to dispose of their seasonal produce for quick realization of money) through defective weighment, unfair grading and arbitrary deductions from sale proceeds on various accounts. Regulated markets are intended to remove these deficiencies and provide fair trade practices leading to emergence of equitable price level through the foreplay of supply and demand forces. For the purpose, a regulated market is administratively equipped with necessary power under the law. It is also authorized to mobilize resources though the issue of licenses and by charging market fees so as to improve the standard of marketing services on the yard.

3.6. Marketing Functions of APMCs:

In the process of marketing, goods pass through several hands before they reach the consumers. There are different middlemen between producers and
consumers who perform various functions. The important marketing functions are as follows:

3.6.1. Assembling: In the marketing process, the first step is to purchase the produce from different producers and assemble them at selected place. In the rural areas, agricultural production is the main economic activity. There is large number of agricultural producers scattered over wide area. From each producer only a small quantity of marketable surplus may be available. Purchasing from different producers and assembling at selected place is a marketing function performed by several middlemen. In some cases, the producer may directly sell to the consumer. For example, a farmer may supply sugarcane directly to the sugar factory. In this case, there is no role of middlemen and the assembling problem does not arise.

3.6.2. Transportation: Individual producers are not in a position to make their own transport arrangements and take the produces directly to the wholesale trader. Therefore, a large number of intermediaries who purchase the produces from different production centers make transport arrangements and take it to the wholesale market.

3.6.3. Storage and Warehousing: The agricultural produces are seasonal. Therefore, the produce is related to the market, wherever there is demand. The storage and warehousing facilities become important in rural marketing. The middlemen or wholesale traders or retailers may create storage or warehousing facilities. The State can also create warehousing facilities. On the recommendations of the All-India Rural Credit Survey Committee of 1951-52, the Government of India has constituted the Central Warehousing Corporation. This corporation has been taking steps to construct. Warehouse or godown in different parts of the
country. These warehouses are useful to the individual farmers to stock their produce. However, all farm producers have no access to these godown.

3.6.4. Classification and Grading: The function of classification and grading helps in sorting out of commodities according to size, quality, colour, weight, etc. This step helps to fix the prices according to the quality or grade of the commodity. Classification and grading help the producer to get a fair price for his produce and help the consumer to get good quality produce.

3.6.5. Equalization: The process of equalization refers to matching the flow of supply with the rate of demand. Agricultural commodities are seasonally produced, while they are consumed in all seasons. Hence, the middlemen purchase the agricultural produce at a time when it is produced and stock the produce. They release the stock whenever and wherever there is demand. In doing so, they are helping in equalizing seasonal supplies with regular demand. This type of equalization process is to be called as an important function in marketing.

In the process of equalization, exchange functions are performed. The exchange functions include buying and selling. In marketing, buying and selling are fundamental principles without which there is no marketing at all. The buyer must know the sources of supply from which he can purchase the required quantity at a particular price. Richard states, “Buying function is largely one of seeking of the sources of supply, assembling of products and activities which are associated with the purchase of goods, raw materials, etc.” The selling, on the other hand, is a step in assisting or persuading a prospective buyer to buy a commodity. Selling is defined as “The process, which stimulates demand or desire, find the buyer, advises the buyer and negotiates with him to bring about a transfer of title.” Without buying, there is no need for surplus production. Without selling, there is no possibility for
the consumers to get the required commodities for the satisfaction of their desires. In the absence of buying and selling, there is no economic activity and consumers cannot satisfy their ever-growing desires. Therefore, buying and selling become fundamental marketing functions.

3.6.6. Processing: Agricultural products are not acceptable to the consumer in the same form as they are available from the field. They have to be processed, like converting paddy into rice, wheat into wheat powder, etc. This processing function is equally important.

3.6.7. Financing of Marketing: There is a time gap to time between assembling of commodities and their sale to the consumers. During this period, somebody’s money is tied up in these stocks. This creates the problem of financing of marketing which is an important marketing function.

3.6.8. Market Information: There is a wide gap between the place of production and place of consumption. Hence, the function of market information assumes importance. This function involves all the activities of collecting appropriate information regarding the price of different commodities in different market centers and take this information to the different agencies in different places who are engaged in the sale of the products. The market information is useful for both to the producer and the consumer. It also helps the government in formulating price policies.

3.6.9. Dispersion or Distribution: Produce purchased and stocked must be taken to the consumers. The consumers are also many in number and they are distributed over a wide area. Therefore, here again, some persons, wholesale traders or retailers, must take the necessary steps to take the produce to the consumers. This part of marketing process is known as dispersion.
3.6.10. Risk-Taking: 'Risk' here is the possibility of incurring loss by some unforeseen happenings. Such possibilities are always involved in any business transaction. Goods may get destroyed due to fire, floods, cyclone, or there may be fall in the price, etc. These risks cost something and must be borne by someone. Some physical risks like loss of produce due to floods, etc., may be covered under the Crop insurance Scheme. But the risk arising from price fluctuations will often result in loss. Sometimes, it may not be possible to collect bills from customers to whom credit sales are made. Thus, marketing is exposed to risks, which have to be borne by someone in the process of marketing.

In the rural areas, it is a well-known fact that there are no adequate storage facilities to individual farmers and they are not in a position to classify the produce and store it safely. Further, transport continues to pose a serious problem in the rural areas. Some of the farm producers do not have correct information about the prices of different products. In view of this, the rural producers often find it difficult to sell at remunerative prices.

3.7. Role of Government in Regulated Market:

Right from the British era, the Govt. is playing an active role in the administrations of regulated market.

Recommendations of the National commission on Agriculture (NCA): For removing the defects and strengthening of rural marketing, among others, the NCA made the following recommendations:

1. The Markets should be very near to the villages with adequate facilities for grading, weighing and storage of all commodities.

2. The regulated markets should be strengthened in terms of adequate market yard, market functionaries, warehousing and storage facilities, etc.
3. There should be an agency which should take charge of cultivator’s produce, advance money for immediate need, process the produce, arrange marketing for the next point and make final payment to them.

4. Branches of primary cooperative marketing societies should be established at all the regulated markets and all inputs needed by farmers for agricultural operations should be made available to them through primary co-operative marketing societies, Agro-industries Corporation and sale depots of the private traders.

5. Village roads should be improved by the Zilla Parishad and Public Works.

6. The Conventional bullock-cart needs to be redesigned so as to improve its efficiency.

7. Railways must provide easy and quick transport facilities to the rural areas.

8. Rural people must be the methods of scientific storage and pest control.

9. The FCI should concentrate on the construction and maintenance of suitable warehouses to store food grains needed for the public distribution system and buffer stock on a priority basis.

10. Extension education in marketing should be improved through regulated markets, primary cooperative marketing societies and farmer’s Servicing societies.

3.7.1. State And Rural Marketing: The policies, programmes and actions of the government in its efforts to develop and modernize the rural marketing system are mainly in three directions:

i) Institutionalizing of agricultural marketing by facilitating the formation of cooperative marketing societies;
ii) Regulation of markets for various agricultural products designed to minimize or eliminate unfair trade practices; and

iii) Direct involvement of the State in the marketing of certain agricultural products.

In order to improve the marketing system along these three lines, certain steps have to be taken which are as follows.

3.7.2. **Encouraging Cooperative Marketing:** Cooperative marketing societies provide several advantages:

1. Better bargaining power;
2. Reducing marketing costs;
3. Elimination of middlemen;
4. Storage facilities;
5. Prevention of loss in storage;
6. Grading facilities, and
7. Fair price to producer and consumer.

Legislation has been enacted by the State Governments regarding the formation and functioning of cooperative marketing societies. There are marketing cooperatives in a number of key rural areas undertaking marketing of agricultural produce, agro-industry products, dairy, fishery and poultry products, and setting up of consumer cooperatives at the retail level as part of the public distribution system, centralized marketing of cottage industry products, khadi and handloom and handicrafts, etc. The cooperative marketing structure is of two types. In the first type, there is a two-tier system with primary marketing societies at the base and the State society at the apex. In the second type, it is a three-tier system with primary societies at village level, central marketing societies at the district level and state
marketing societies at the apex. On the basis of recommendations of the All-India Rural Credit Survey Report, the task of developing cooperative marketing was initiated in the second Five-year plan and extended in the subsequent plans. In 1994, there were 8483 co-operative marketing Primary societies. Beside these there were 2166 Agriculture Processing Societies.

The rural Cooperative has the full potentialities of helping even the weaker sections in rural areas and this is evident from the Anand Milk Producers Union Ltd. (AMUL). This unit, which began in the village of Anand, Gujarat, in the 1940s, has since grown into Asia’s most successful rural cooperative and now covering more than 800 village societies.

A regulated market is one which is established by the State Government and which functions under some rules and regulations. These markets are expected to solve many problems of agricultural marketing and improve marketing efficiency. The aim of the regulated markets is to regulate purchase and sale of agricultural produce, create conditions for fair competition and ensure justice to the producers. The Royal Commission on Agriculture established in 1928, recommended the establishment of regulated markets. Accordingly, in 1938, the Central Agricultural Marketing Department was established. Today, the above department is known as the Directorate of Marketing and inspection. In almost all states, there are regulated markets now days.

3.7.3. The co-operative Method: The co-operative method of marketing is distinguished form other methods described above it is undertaken for service and not for profit and the surplus earnings are distributed among patrons in
proportion to the contribution they make to earn those surpluses. The advantages of this method are:

1. Marketing services are at lower cost.
2. Better prices for the producer are realized.
3. There is an improvement in the quality of products sold to the consumer.
4. Better collective power of bargaining is bad through associative action of the producers.
5. Cheaper finance is also available.
6. A sense of mutual responsibility is promoted among producers conducing to their social and economic progress.
7. Mutual interests of producers are safeguarded.
8. Promotion of the business education among the backward class of producers like the agriculturists is facilitated. This also facilitates the training of the agriculturists in handling business.
9. Steady supplies and stabilization of prices are brought about.

The State Governments, through legislation, framed the rules in the matter of regulated markets. It is also officially decided that commodities are to be marked and the area of a regulated market. After this step, a declaration is made for the establishment of a principal market yard as similar to that of its jurisdiction.

For the management of the regulated market, a market committee is constituted. The committee consists of representatives of growers, traders, local bodies, cooperative marketing societies and warehousing corporation and also the government nominee. The important functions of the regulated markets are as follows:

1. To maintain marketing yards and the building, etc. properly.
2. To collect and circulate market news.
3. To ensure fair price to the agricultural producers.
4. To settle disputes pertaining to sale and purchase in notified agricultural commodities.

The regulated markets undertake purchase and sale of commercial crops, food crops, fruits, vegetables, etc. The following are some of the advantages of the regulated markets:

1. Through regulated markets, the local moneylenders can reduce sales in the villages to save the small producers from exploitation.
2. It is possible to ensure fair prices through regulated markets, as there is accuracy in the weighment and measurements.
3. The market charges are low in the regulated market. In spite of the many advantages of regulated markets.

3.8. Agricultural Marketing In India: Some Facts and Emerging Issues:

The Present structure and framework is the outcome of many years of experimentation in state intervention. Based on the objectives, nature of instruments and programmes of intervention of development, the current framework under which the agricultural produce markets function can be divided into six components. The present policy framework for the functioning of agricultural produce markets in India is the outcome of many years of experimentation in state intervention based on the objectives of the nature of instrument and the programmes of intervention of the current policy framework under which agricultural produce market function can be divided in the six components namely.12
1. Regulatory measures

2. Marketing infrastructure

3. Administered price regime

4. Direct entry of public agencies

5. Export and import regime

6. Macro economic policies.

The Govt. Monitors conduct market through an imposition of several regulatory measures. The regulatory framework consists of two distinct sets of measures. The first set of measures is development and regulation of wholesale markets popularly called “Regulated markets” and the second is the regulation of conducting market through a series of legal instruments.

The regulation of marketing practice in wholesale markets in the form of agricultural produce market acts of various state Govt. were adopted so as to create an orderly marketing system for farmers at the primary market level. As the programme was a development COM Legal-measure. It took considerable time to broaden its scope. The programme developed momentarily after the mid-sixties and now out of 7169 wholesale markets in the country as many as 7001 are encompassed by the market regulation programme. During 1992-93, Agricultural commodities worth Rs. 62000 crores were traded in the wholesale markets. This was around 58% of the total value of marketable surplus of agriculture commodities.

The term Regulated markets in India results from commission Report and refers it to institutional arrangements regulated markets, which are in the nature of physical and institutional infrastructure and represent the first contact. Point for farmers to encase their market surpluses. The infrastructures created in these markets include action platforms, parking and spaces. Trade shops and farmer rest
house this apart of a management committee with more than half the number of
members from amongst farmers prescribes the markets fees and charges for various
services. It also laid down specific procedures for the settlement of disputes among
sellers and buyers in return for these services. The regulated market committees
charge of fees varies from 0.5% to 2.0 % valorem from the buyer or seller of the
produce in these markets. The type of infrastructure created in these markets
depended on the expected scale of arrivals. Out of tool regulated market's a higher-
level infrastructure has been provided for in 2281. Which are called “market yard”
whereas a lower level of infrastructure exists. Nearabout 4720 of these markets,
which are known as sub-yards. It may be, mentioned here that apart from locations
(hats, shanties or shadiest) in rural areas farmers and other rural people congregate
periodically to sell their surpluses and purchase articles. Out of these near about
15% are reported to have been provided with the physical infrastructure needed so
for. The periodic markets operate on specifies weekdays and are located on barren
land or along side village pathways. Apart from the agriculture produce market acts
of various states, the activities of market functionaries are regulated by several
others legal instruments which are also promulgated by the center and the state
Govt. such as.


State Govt. Also issues orders, notifications under the exotically commodities Act 80 as to regulate the conduct of market functionaries. Recourse to the provisions under this legal instrument is usually given during periods of short supply. This is reflected in the form of high prices which intend to regulate the activities of traders and processors whose activities include. Internal Trading, stocking, maintenance of quality, grading, packing, processing etc. Blending and movements Different ministries and Dept. of the center and the state Govt. administer these legal instruments.

The second component, which affects the structure conduct and performance of the marketing system, is the physical and institutional infrastructure. An adequate infrastructure is important not only for performance of various marketing functions and the expansion of the size of the market functions and the expansion of the size of the market but also for transfer of appropriate price signals leading to improved activity which requires a long period to give results. The govt. therefore has to take an active part in the expansion of market infrastructure Apart form the construction of well laid out yards and sub-yards in primary markets. Considerable public investment has also been denoted to the creation of storage transportation and communication facilities. The scientific storage capacity governed by public agencies (Which was in fact negligible of the time of
independence) in breasted to 391 lakh tones at the end of march 1996. Since Independence, the Length of surface roads increased from 1.6 lakh K.M. to 15.2 lakh km. The number of goods carriers went up from 0.8 lakh km. to 22.6 lakh. The route length of electrified railways increased from 0.4 lakh km to 14.6 lakh km and the haulage of goods by railways went up from 44 billion tonnes km to 284.3 billion tones km. The development at telecommunication facilities has been even more pronounce both in terms of quantity and quality. The quick dissemination and exchange of market information has helped in increasing the integration of markets.

Apart from the considerable expansion in the infrastructure, the grading of agricultural commodities has also occurred. While for export goods grading according to prescribed standard has been compulsory for commodities sold in the domestic.

A feature trading in agricultural commodities is also regulated by the govt. till recently. A future trading was permitted in jaggery, Black paper, turmeric and Hessian. However in 1993 the Kabra committee, appointed by the Govt. of India recommended allowing futures trading in 17 Major agriculture commodities. The Govt. has now advised that futures trading in cotton, kapas raw jute and jute good all Major oilseeds and some structure characteristics of agricultural produce markets.

The Conduct and performance of the market depends on the structure of the market which varies from commodity to commodity. Several structural characteristics of the Indian agricultural produce marked the need to be noted first though Indian farmers do not sell the total output they produce. The size of the marketed surplus is quite large, According to one estimate the value of farm products entering the marketing system during 1990-91 was Rs.1067 billion which was around 64% of the total value of Agricultural output. Regulation of primary
markets was taken up as an institutional innovation and construction of well laid-out market yards which was considered as an essential requirement of effective implementation of the regulation programme. As the programme was a development cum-legal measure. It took considerable time to extend it on a wider scale.

Apart from the physical infrastructure, a strong institutional infrastructure has been created. Depending on the objectives and the role, the institutions can be grouped into co-operative public sector organizations and statutory bodies. Most of these have evolved into networks linking national level organizations with the grassroot level units.

The objective of minimum price support policy is to reduce price uncertainty faced by the farmers and to induce them to adopt new technology and increase the production of agricultural commodities. These are expected to be announced before the sowing season and made uniformly applicable in all the regions of the country.

This marketing of agricultural produce is an important aspect of agriculture in India. The significance is also noted from the viewpoint of poverty alleviation & economic justice. The preset system faces a number of lacunas the infrastructure is to be created, systems are to be formulated & people need be trained. Changes in approach & mindsets are necessary.
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