2. AGRICULTURAL MARKETING IN INDIA

India is an agricultural country and one third population depends on the agricultural sector directly or indirectly. Agriculture remains as the mainstay of the Indian economy since times immemorial. Indian agriculture contribution to the national gross domestic product (GDP) is about 25 per cent. With food being the crowning need of mankind, much emphasis has been on commercializing agricultural production. For this reason, adequate production and even distribution of food has of late become a high priority global concern.

In earlier days when the village economy was more or less self-sufficient the marketing of agricultural products presented no difficulty as the farmer sold his produce to the consumer on a cash or barter basis. But the time has been changed now farmers successfully undertake the production activities facing the associated pest, disease, weather and other risk. After overcoming all these hurdles, the produce needs to find a good price in order to reap the benefits of all his efforts. The marginal and the small farmers, due to the small surplus often face the problems in marketing their produce. So, in reality they 'sell' their produce, being unable to successful 'market' it.

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 farmers to the consumers. It includes organization of agricultural raw materials supply to processing industries, the assessment of demand for farm inputs and raw materials. From the producer point of view, it is important to know whether the prices prevailing in the market
enable him to continue to produce or not, and what he should produce and where and at what time he should sell it. Large-scale production requires skill to sell it at remunerative price. A consumer looks at marketing from the point of view of goods and the prices at which they are offered. Middlemen try to increase his profit margin by discharging various marketing functions. Agricultural marketing system can be analysed by looking at the farmers’ marketing practices, marketing channels and the structure of markets.

Farmers’ marketing practices and evolution of marketing system are guided by the shelf-life of the commodity. All agricultural products do not have the same shelf-life. Some products are perishable, some are less and some are even durable. Cotton and jute versus fruits, vegetables and milk are contrasting examples of agricultural products having long and short shelf-life. In between these two extremes are other agricultural commodities. Owing to the increase in marketed surplus and need to make these available in the off-season and at places other than production points, functions of storage, processing, transportation, packaging and grading are required to be performed either by the farmers or by market functionaries.

On the recommendation of the Agricultural Prices Enquiry Committee, (1954), the Directorate of Economics and Statistics, Ministry of Agriculture (DESMOA) set up 14 Market Intelligence Units (MIU) in the capitals of Andhra Pradesh, Assam, Bihar, Delhi, Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh, and West Bengal. The market intelligence units are intended to help the DESMOA in the formulation, implementation and review of the agricultural price policy relating to procurement, marketing, storage, transportation, import, export and credit, etc.

Majority of the States has enacted the Agricultural Produce Market Acts. The States or Union Territories yet to enact their own legislation are Kerala, Manipur, Meghalaya, Nagaland, Sikkim, A&N Islands, Dadra & Nagar Haveli, Daman and Diu and Lakhswadeep.
Infrastructure in the regulated markets has been created as per the need in terms of volume of market arrivals. The regulated market with larger arrivals of produce have been designated as 33 principal market yards and those with lower arrivals and turn over as sub-market yards. Each market yard is attached to one or the other principal market to minimize the establishment costs. On the whole, these are in the ratio of 1:2 i.e., on an average, each principal yard has two sub-yards.

2.1 ACTIVITIES RELATED TO AGRICULTURAL MARKETING

Agricultural marketing mainly focused on some things, which are the major pillar of the agricultural marketing. They are explain in the following table.

1. **Grading**: It helps the producer and seller to determine the price.
   - It reduces the cost of marketing and helps the consumers to get standard potato at fair price.
   - It facilitates the scope to widen the avenue for potato export.
   - It has a direct influence on utilization point of view, as the small to medium sized tubers are prepared for ‘seed tubers’ and large sized tubers for processing Purpose.

2. **Packaging**: Handling and packaging of crop is done on farm, not in pack houses as commonly practiced in fruits and other vegetables. After harvesting, the tubers are kept in a heaped temporarily and covered with straw. After few days, sorting is done by separating the diseased and cut tubers, which are further packed in hessian cloth bags or netlon bags.

3. **Storage**: The practice of storage helps to stabilize the prices in the market. Storing crops for longer period in normal temperature is not possible as it is a living material and through respiration, the changes occurs due to heat, resulting in loss of dry matter and ultimate deterioration of quality of crops.

4. **Assembling**: Assembling is the first step in marketing of farm produce. It involves collection of small surpluses from number of small farms scattered over large areas
and bulking the same for subsequent distribution in volume. (major assembling markets of potato in india can be seen in annexure 3)

2.2 ESTABLISHMENT OF REGULATED MARKETS

The establishment of regulated markets helped in creating orderly and transparent marketing conditions in primary assembling markets. Further, increase in the number of regulated market yards, from a meagre 286 at the time of Independence to 7,161 in 2001, helped in increasing the access of farmers to such orderly market places. This development, coupled with construction of approach roads and roads network linking primary markets with secondary wholesale and terminal markets, also improved the process of price discovery at the primary market level where most of the small farmers dispose of their produce. Increase in physical access of farmers to market places, apart from reducing transaction costs of farmers, helped small farmers more who have low marketed surplus and could not transport their surpluses to long distances. Though precise data on the proportion of benefits of regulated markets going to the small and marginal farmers are not available, there is evidence to show that expansion of such physical infrastructure in rural areas has helped small and marginal farmers more by increasing their excess to the markets. The number of regulated markets is relatively more in geographically larger States like Andhra Pradesh, Bihar, Maharashtra, Madhya Pradesh, Uttar Pradesh and West Bengal. These six states together account for 61 per cent of total regulated markets in the country. The number of commodities brought under the ambit of regulation varies from state to state. However, these include almost all the important agricultural commodities produced in that area/state.

The regulated Mandis working in Uttar Pradesh are supposed to have benefited to producers to a large extent by way of providing proper marketing facilities, reducing marketing cost
and margins, consequently providing them higher share in the price paid by the consumers. Over the year, several institutional reforms and policy formulations have been tried to ensure an orderly marketing system and to mitigate the marketing problems of farmers. Among the institutional innovation, regulated market, open operations by the state, procurement through levy and support prices etc. have partially successful. Among these measures, regulated market deserves special mention. The building up of such market complexes would ensure more and more bulk arrivals in the market due to prevalence of pricing effectiveness and efficiency in the marketing of agricultural produce. An efficient form of marketing system is an important means for raising the income levels of farmers and for promoting development. The farmers allocate their resources according to their comparative advantage and invest in modern farm inputs to obtain enhanced production.

2.2.1 Functions of Mandi Samiti/Regulated Market Of The Uttar Pradesh

The market committee shall also be responsible for:

- The supply of all such information which the Director or any other Officer not below the rank of Senior Agricultural Marketing Inspector authorized by the State government in this behalf may require;
- The maintenance of proper checks on all receipts and payments by its officers and servants;
- The proper execution of all works chargeable to the market committee fund;
- Keeping a minute book of its proceedings;
- Maintaining an account for each cart, truck, consignment or load brought into the market yards;
- Maintaining a register of fees collected;
- Taking security from its officers & servants;
Providing persons authorized to collect fees, a cash box and counterfoil receipts books;

Keeping accounts in such forms as may be specified in its bye-laws;

Regulating expenditure according to budget;

Preparing and adopting budget for the ensuing agricultural year;

Arranging for temporary storage or stocking of the specified agricultural produce;

Arranging for temporary storage or stocking of the specified agricultural produce;

### 2.3 METHODS OF SALE

The marketing of agricultural produce is generally transacted in one of the following ways.

- **Under Cover Or The Hatta System**: The sale is affected by twisting or clasping the fingers of the seller's agent under cover of a cloth. The cultivator is not taken into confidence until the final bid is cleared.

- **Open Auction System**: The agent invites bids for the produce and to the highest bidder the produce is sold.

- **Dara System**: The system is to keep the heaps of grains of different quantities and sell them at flat rates without indulging in weightment etc.

- **Moghum Sale**: Sale is based on the verbal understanding between buyers and sellers and without mentioning the rate as it is understood that the buyers will pay the prevailing rate.

- **Private Agreement**: The seller may invite offers for his produce and may sell to one who might have offered the highest price for the produce.

- **Government Purchase**: The government agencies lay down fixed prices for different qualities of agriculture commodities. the sale is effected after a gradual processing for gradation and proper weightment.
Marketing Agencies: The various agencies engaged in the marketing of agricultural produce can be classified into two categories, viz., (i) government and quasi private agencies like the co-operative societies and (ii) private agencies.

2.4 MARKETING CHANNELS

Market channel is group of interrelated intermediaries who market the produce from the farmers to consumer, private and institutional channels are the important marketing channels in the movements or distribution major agricultural commodities.

A) Private

Different private agencies namely village merchants, wholesalers, commission agents, processors, retailers are involved in potato marketing channels as follows:

- Producer ➔ wholesaler ➔ Retailer ➔ Consumer
- Producer ➔ Commission Agent ➔ Wholesaler ➔ Retailer ➔ Consumer
- Producer ➔ Cold storage ➔ Commission Agent ➔ Wholesaler ➔ Retailer ➔ Consumer.

B) Institutional

Marketing of potato is complicated because it is a semi perishable and bulky commodity. Its marketing and export depends upon the type of end uses i.e. either for seed purpose or table purpose. Various institutions are involved in marketing and export of potato. National Agricultural Co-operative Marketing Federation (NAFED) and co-operative societies are entrusted for procurement operations in domestic markets where as the Agricultural and Processed Food Export Development Authority (APEDA), Marketing Federation (MARKFED) of Punjab deals with potato export. The institutions involved in the potato marketing channels are as follows:

- Producer ➔ State Marketing Agencies ➔ Retailer ➔ Consumer
2.5 MARKETING COSTS AND MARGINS

2.5.1 Marketing Costs

Marketing costs are the actual expenses required for bringing crop from farm gate to the consumers. It includes the following:

- Handling charges at local points
- Assembling charges
- Transportation and storage costs
- Handling charges by wholesaler's and retailer to consumers
- Expenses on secondary services like financing, risk taking and market intelligence
- Profit margins taken out by different agencies.

- Retailer
- Consumer
- Producer
- State marketing
- Agencies
- Nafed
- Markfed
- Export
- Co-operative
- Societies
1) **Market Fee**: It is collected from buyers and not from sellers. The rates of market fees are determined by respective Agricultural Produce Market Committees in some states like Gujarat, Maharashtra, while in most of the states these are fixed for the entire state under the respective State Marketing Regulation Acts.

2) **Commission Charges**: In some regulated markets, the commission agent exists and they collect the charges.

3) **Market Charges**: These are the charges, which are incurred towards loading, unloading, weighing, brokerage, cleaning, etc. These charges are fixed by the market committee and vary from market to market. The operational charges starting from unloading, cleaning, preparation lot for sale and sometimes weighments are borne by farmers /sellers. From weighing, the subsequent operational charges are borne by the buyers/ traders. In case of some regulated markets, entry fee is charged for the vehicle.

2.5.2 **Marketing Margins**

The marketing margins of crop are the difference between the actual price paid by the consumer and the price received by farmer for an equivalent quantity and quality of crop. It may be explained in terms of price spread applied for a particular situation. Studies on marketing margins or price spread reveals that as the number of market functionaries increases, they add cost to the commodity in the marketing channel which results in the fall of producers show in consumer’s rupee.

2.7 **GOVERNMENT INITIATIVES FOR PROPER AGRICULTURAL MARKETING**

Agriculture sector needs structured and functional markets, preferably in vicinity of farmers, to drive growth, employment, remunerative price and economic prosperity in rural areas of the country. Enabling mechanism were also required to be put in place for procurement of
agricultural commodities directly from farmers’ field and to establish effective linkage
between the farm production, the retail chain and food processing industries.

With a view to persuade the various State Governments/UTs to implement the reforms in
agricultural marketing through adoption various provisions of Model APMC Act and to
suggest further reforms, the Ministry of Agriculture constituted a Committee of ten State
Ministers, in-charge of Agriculture Marketing, in 2010.

2.7.1 IMPLEMENTATION OF CENTRAL PLAN SCHEMES

1. ‘Grameen BhandaranYojana’ (Rural Godown Scheme)

This scheme was launched 01.04.2001 with the main objectives of being creation of scientific
storage capacity with allied facilities in rural areas to meet various requirements of farmers
for storing farm produce, processed farm produce, agricultural inputs, etc., so as also to
prevent distress sale. Under the scheme subsidy @ 25% is being given to all categories of
farmers, Agriculture Graduates, Co-operatives & CWC/ SWCs. All other categories of
individuals, companies and corporations are eligible for subsidy @ 15% of the project cost.
Enhanced subsidy is 33.33% in case of NE States/hilly areas, SC/ST entrepreneurs & their
Co-operatives and Women Farmers. The scheme has been recently revised by enhancing the
maximum capacity to 30,000 MT with maximum ceiling on subsidy of Rs. 3 crores for areas
other than North Eastern States and by enhancing the maximum capacity to 25,000 MT with
maximum ceiling on subsidy of Rs. 3.33 crores in respect of North Eastern/Hilly States. The
scheme is demand-driven, back-ended and not location specific. The scheme is further being
revised in the EFC under process.

As on 31st January 2013, a number of 30,574 Godown projects have been sanctioned with
creation of storage capacity of 38.36 million tonnes under the scheme. An amount of
Rs.1017.32 crores of subsidy has been released to various banks and Cooperatives through NABARD and NCDC.

2. Development/Strengthening of Agricultural Marketing, Grading and Standardisation (AMIGS) Scheme:

The Central sector scheme was launched on 20.10.2004 under which credit linked investment subsidy is provided for general or commodity specific marketing infrastructure for agricultural and allied commodities and for strengthening and modernization of existing agricultural markets, including those of wholesale, rural, periodic in nature. It is a linked to implementation of three reforms, namely (i) Setting up Markets in Private and Cooperative sector, (ii) Provision for Contract Farming and (iii) Provision for Direct Marketing and is being implemented in those States/UTs which have amended their APMC Act accordingly.

The assistance is available to various categories which include individuals, group of farmers/growers/consumers, Partnership/Proprietary firms, NGOs, SHGs, Companies, Corporations, Cooperatives, etc. Under the scheme subsidy of 25% of the capital cost of the project is provided with a ceiling of Rs.50 lakh per project. In respect of North-Eastern States, Hilly and Tribal areas and entrepreneurs belonging to SC/ST and their cooperatives, subsidy of 33.33% is provided with a ceiling of Rs.60 lakh per project.

Since Inception of the scheme up to 31-12-2012, a total number of 8087 marketing Infrastructure projects have been sanctioned and subsidy of Rs 782.14 crores has been released.

3. Marketing Research And Information Network (MRIN) Scheme:

An ICT based Central Sector Scheme of Marketing Research and Information Network (AGMARKNET) was launched in March, 2000 to provide electronic connectivity to
important wholesale markets in the country for collection, collation and dissemination of price and market related information for the benefit of farmers and other market users. The scheme is being implemented in collaboration with Directorate of Marketing and Inspection, National Informatics Centre, State Agricultural Marketing Directorate/Board and APMCs. Information relating to prices, arrival of commodities and other market related information is provided on the portal. Information on prices and arrivals of more than 400 commodities and 3000 varieties are collected and reported/uploaded on daily basis. More than 3200 markets are covered under the scheme.

4. Strengthening Of Agmark Grading Facilities (SAGF)

The Agricultural Produce (Grading and Marking) Act, 1937 provides for the grading and marking of agricultural produce. It involves framing of grades, standards and certification of agricultural commodities included in the schedule appended to the Act. The SAGF Scheme aims to support 11 Regional Agmark laboratories and a Central Agmark Laboratory, Nagpur with lab equipments etc. for carrying out their research and analysis work for developing and promoting grading and standardization of agricultural commodities under Agmark. Agricultural Produce (Grading & Marking) Act, 1937 is being implemented through standards set for various commodities and agricultural produce under Grading and Marking Rules framed from time to time. So far 108 Rules for agricultural commodities have been framed.

5. Institutional Intervention in Development of Agricultural Marketing

Department of Agriculture and Cooperation has three Organizations dealing with marketing under its administrative control, namely, the Directorate of Marketing & Inspection (DMI) Faridabad for promotion of standards and grading of agricultural and allied produce, to pursue States to bring marketing reforms and to promote market information network;
Ch. Charan Singh National Institute of Agricultural Marketing (NIAM), Jaipur for providing training in the field of agricultural marketing; and Small Farmers Agri-business Consortium (SFAC), New Delhi for promoting agri-business for small and marginal farmers.

A. **Directorate of Marketing and Inspection:** The Directorate of Marketing and Inspection (DMI) is an attached Office of the Ministry of Agriculture. It was set up in the year 1935 to implement the agricultural marketing policies and programmes of the Central Government. Since its very inception, the Directorate continues to be responsible for bringing about an integrated development of marketing of agricultural and allied produce in the country with a view to safeguarding the interests of producer-sellers as well as the consumers. It maintains a close liaison between the Central and the State Governments in the implementation of agricultural marketing policies in the country.

B. **Small Farmers’ Agribusiness Consortium (SFAC):** Small Farmers Agri-Business Consortium (SFAC) was registered on 18th January, 1994 as a society under the Societies Registration Act, 1860. Currently, the members include RBI, SBI, IDBI, EXIM Bank, Oriental Bank of Commerce, NABARD, Canara Bank, NAFED, United Phosphorous Ltd. etc. The mission of the society is to support innovative ideas for generating income and employment in rural areas by promoting private investment in agri-business projects. A Central Sector Scheme for agri-business development is being implemented by SFAC in close association with Commercial Banks for providing:

(i) Venture capital to agribusiness projects and

(ii) Assistance to farmers/producer groups for preparing quality Detailed Project Reports (DPR).
For effective implementation of the scheme, SFAC has already signed MOU with 21 commercial banks. The scheme is open to women entrepreneurs also. SFAC has been mandated for promotion of FPOs and procurements of oilseeds and pulses under MSP and for promotion of clusters for vegetables.

C. National Institute of Agriculture Marketing (NIAM), Jaipur: Ch. Charan Singh
National Institute of Agricultural Marketing (NIAM) is a premier National level Institute set up by the Government of India in August, 1988 to offer specialized training, research, education and consultancy in the field of Agricultural Marketing. NIAM is playing a vital role in expediting the reform process and availability of quality managers through its mandate. NIAM is engaged in organising training programmes in the field of agricultural marketing and allied areas for senior and middle level officers from various line departments of State Governments, Cooperatives, Marketing Boards and Agribusiness Entrepreneurs. The institute is also playing an active role in orienting agricultural extension personnel towards agricultural marketing. NIAM has been actively involved in Research, Training and Consultancy in the field of Agricultural Marketing.

2.7.2 MAJOR GOVERNMENT OR SEMI GOVERNMENT ORGANIZATION WHICH ARE MAINLY INVOLVE IN THE MARKETING OF HORTICULTURE

Table 2.1

<table>
<thead>
<tr>
<th>S.NO</th>
<th>ORGANIZATION</th>
<th>SERVICES PROVIDED</th>
</tr>
</thead>
</table>
| 1    | Directorate Of Marketing And Inspection (DMI), | ➢ To promote grading of agricultural produce under the Agricultural Produce (Grading & Marking) Act, 1937.  
       |               | ➢ To facilitate the construction of marketing infrastructure of agricultural produce.  
<pre><code>   |               | ➢ To render advice on statutory regulation, development and management of agricultural |
</code></pre>
<table>
<thead>
<tr>
<th>No.</th>
<th>Agency/Money</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Markets by states / U.Ts.</td>
</tr>
<tr>
<td></td>
<td>➢ Marketing research, surveys and planning</td>
</tr>
<tr>
<td></td>
<td>➢ To train personnel in agricultural marketing</td>
</tr>
<tr>
<td>2</td>
<td>Agricultural And Processed Food Export Development Authority (Apeda)</td>
</tr>
<tr>
<td></td>
<td>➢ Promote export of agricultural commodities including potato and its products to foreign countries.</td>
</tr>
<tr>
<td></td>
<td>➢ Adopting standards and specifications for the purpose of export of schedule products.</td>
</tr>
<tr>
<td>3</td>
<td>National Horticulture Board</td>
</tr>
<tr>
<td></td>
<td>➢ To develop post harvest infrastructural facilities of horticultural commodities including potato.</td>
</tr>
<tr>
<td>4</td>
<td>Ministry Of Food Processing Industries (MoFPI)</td>
</tr>
<tr>
<td></td>
<td>➢ Grant and support for food park component which in turn also help in setting up of Agri Export Zone.</td>
</tr>
<tr>
<td>5</td>
<td>National Agricultural Cooperative Marketing Federation of India Ltd</td>
</tr>
<tr>
<td></td>
<td>➢ To act as a nodal agency for implementing the market intervention scheme to avoid glut situation and price craze of potato.</td>
</tr>
<tr>
<td>6</td>
<td>State Marketing Boards at State Capitals.</td>
</tr>
<tr>
<td></td>
<td>➢ Regulation management and development of marketing in concerned state.</td>
</tr>
<tr>
<td></td>
<td>➢ To implement different schemes on agricultural marketing including potato.</td>
</tr>
<tr>
<td></td>
<td>➢ To co-ordinate functioning of all market committees.</td>
</tr>
<tr>
<td></td>
<td>➢ Grading of agricultural produce.</td>
</tr>
<tr>
<td></td>
<td>➢ Publicity on regulated marketing of agro produce.</td>
</tr>
<tr>
<td>7</td>
<td>Agricultural Produce Market Committees (APMCs) at different regulated markets of different states</td>
</tr>
<tr>
<td></td>
<td>➢ For better marketing of agricultural produce the APMC provide the following facilities:</td>
</tr>
<tr>
<td></td>
<td>➢ Facilitates drying of produce.</td>
</tr>
<tr>
<td></td>
<td>➢ Providing grading, weighing and storage facilities of produce, brought to APMC complexes.</td>
</tr>
</tbody>
</table>

2.8 ALTERNATIVE SYSTEM OF MARKETING

➢ Forward Trading: Forward trading means an agreement or a contract between seller and purchaser, for a certain kind and quantity of a commodity for making delivery at a
specified future time, at contracted price. It is a type of trading, which provide protection against the price fluctuations of agricultural produce.

Benefits

- Price risk management of an agricultural commodity e.g potato.
- Facilitates production, and improve the quality of produce.
- Acts as a price barometer to farmers and other trade functionaries.
- It benefits indirectly to the exporters / farmers through better information, lower and more stable marketing and processing margins. It gives an idea of prices to the consumers, which enable them to enter forward contract margins.
- It ensures a balance in demand and supply position throughout the year.
- It promotes an integrated price structure throughout the country

Contract Marketing: The “Contract marketing” is a system in which the commodity is marketed by farmers under a pre-agreed buy-back contract with an agency engaged in trading or processing. In contract marketing, a producer will produce and deliver to the contractor, a quantum of required quality of produce, based upon anticipated yield and contracted acreage, at a pre-agreed price. In this agreement, agency contributes input supply and renders technical guidance. The company also bears the entire cost of transaction and marketing. By entering in to contract, farmer’s risk of price reduces and the agency reduces the risk of non-availability of raw material. The inputs and extension services provided by the agency include improved seed, credit, fertilizers, pesticides, farm machinery, technical guidance, extension, marketing of produce etc. In present scenario, Contract marketing is one of the way by which producers, especially small farmers, participates in the production of good quality potato to get higher return.
### Table 2.2

<table>
<thead>
<tr>
<th>Benefits</th>
<th>To farmers</th>
<th>To contracting agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access</td>
<td>Access to inputs</td>
<td>Access to required quality of produce</td>
</tr>
<tr>
<td>Risk</td>
<td>Minimums prices risk</td>
<td>Minimizes risk of scarcity in consistent supply of raw materials</td>
</tr>
<tr>
<td>Quality</td>
<td>Use of good quality of inputs like seeds, fertilizers</td>
<td>Getting supply of desirable quality supply of produce.</td>
</tr>
<tr>
<td>New skills of post handling</td>
<td>Facilitates the adoption of new skills of post harvest handling/practices at low cost.</td>
<td>Adopt more efficient and better post harvest handling/practices.</td>
</tr>
<tr>
<td>Mutual Relationship</td>
<td>Strengthen Long term Relationship with buyer for mutual interests.</td>
<td>Strengthen long term relationship with farmer for mutual interest</td>
</tr>
<tr>
<td>Profit</td>
<td>Increases</td>
<td>Increases</td>
</tr>
</tbody>
</table>

- **Direct Marketing**: Direct marketing is an innovative concept, which involves marketing of produce i.e. Red gram by the farmer directly to the consumer/miller without any middlemen.

Direct marketing helps in better marketing of the produce.

2. It increases profit of the producer.

3. It minimizes marketing cost.

4. It encourages distribution efficiency of the marketing system.

5. It promotes employment to the producer.

6. Direct marketing satisfy the consumer.

7. It provides better marketing techniques to producers.

8. It encourages direct contact between producers and consumer.
9. It encourages the farmers for retail sale of their produce

- **Co-Operative Marketing:** The co-operative societies sale the member’s produce directly in the market, which fetches the remunerative price. Co-operative societies, market the member's produce collectively and secure advantages of economy of scale to its members.

**Benefits**

a) Remunerative price to producers

b) Reduction in cost of marketing

c) Reduction in commission charges

d) Effective use of infrastructure

e) Credit facilities

f) Timely transportation service

g) Reduces malpractices

h) Marketing Information

i) Supply of agricultural inputs

j) Collective processing