CHAPTER – I
INTRODUCTION

ORIGIN:

Mizoram is the new name given to the mountainous region, formerly known as Lushai Hills. The inhabitants of Mizoram are called Mizos which mean highlanders and were mongoloid stock in origin and their language belongs to the Tibeto-Burmese family of language.

With the Independence of India, the superintendent of the British Administration was replaced by the Deputy Commissioner and the Lushai Hills continued to be one of the districts of Assam.

In 1954, the Lushai Hills District was renamed Mizo District by an Act of parliament and given a new District Council of its own which was established as provided for in the Sixth Schedule of the Constitution of India.¹

With the implementation of the North Eastern Re-organisation Act (1971), the Mizo District was upgraded into a Union Territory on 21st January 1972 and renamed ‘Mizoram’.² One of the first administrative moves taken by the Government of the new

² Ibid pp 57-58
Union Territory was to divide Mizoram into three Districts, namely, Aizawl, Lunglei and Chhimtuipui. The formation of the Union Territory brought about the creation of three Autonomous District Councils, namely, Chakma, Lai and Mara Autonomous District Councils but wiped away the erstwhile Mizo Hills District.

Consequent upon the passages of the Constitution (53rd) Amendment Bill and the State of Mizoram Bill (1986) by the parliament on 7th August 1986, the Union Territory of Mizoram became the 23rd State of the Indian Union on 20th February 1987.3

Mizoram has a pleasant climate, generally cool in summer and not very cold in winter. It rains heavily from May to September, while the winter is, of course, rain-free. No snowfall had been recorded anywhere but winter frost is a common phenomenon in certain places. Hailstorms associated with strong winds are experienced in March and April. Having one of the most enchanting hilly terrains in eastern India, the hills of Mizoram are steep and divided by deep gorges and numerous streams and rivers flow either from north to south or from south to northernly direction. The soils of Mizoram in general have been derived from such parent materials.

Mizos are primarily cultivators and their festivals are very much connected with agriculture operations. They are extremely fond of all good things in life and have one of the most closely knit society in the whole of the country. Mizos are, by nature, jolly and light hearted. Consolidating the various tribes under the common name of Mizos is worth mentioning. Most of the Mizos are Christian.

**BOUNDARIES**

Mizoram is a hilly terrain sandwiched by Bangladesh on the west and Myanmar on the East and South. It is bounded on the North-West by Tripura, on the North by Assam and on the North-East by Manipur. The Tropic of Cancer runs just on the southern periphery of the State capital Aizawl.

Although Mizoram is a tiny state having an area of only 21087 sq km\(^4\) it has as much as 404 km of International Border with Myanmar and 318 km with Bangladesh.\(^5\)

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4. *Provisional census of India 2001, series – 16, Mizoram, published by Director of census operation, Mizoram*

ADMINISTRATIVE SET UP

Mizoram is now comprised of Eight Districts, namely, Aizawl, Champhai, Mamit, Lunglei, Lawngtlai, Saiha, Kolasib and Serchhip. There are three Autonomous District Councils in Saiha District (now divided into two Districts, namely, Lawngtlai and Saiha after 1991 census) as provided under the Sixth Schedule of the constitution namely, Lai, Mara and Chakma Autonomous District Councils. There are twenty three numbers of sub-Divisions and twenty two numbers of Rural Development Blocks.

LITERACY

In the field of Literacy, general consciousness of the people in Mizoram for education is high growing fast. A part from Government educational institutions, the number of private-run schools has rapidly increased to meet the growing demand for better and high standard of education. The literacy percentage of Mizoram in the whole country has been found to be the second with 88.49 percent, the first being the State of Kerala with 90.92 percent literate. Mizos are proud to take part in this healthy competition.

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6. Provisional census of India 2001, series – 16, Mizoram published by Directorate of Census Operation, Mizoram, p-21
POPULATION

The first complete census in the Mizo (Lushai) Hills conducted by the British in 1901, recorded a population of 82,434. The Mizoram populations stood at 6,89,756 in 1991 census. According to the latest census conducted in 2001, the population of Mizoram has risen to 8,91,058 out of which 4,59,783 are males and 4,31,275 are females.\(^7\)

The District-wise record of Mizoram population as per 2001 census is tabled below:

**TABLE 1.1**

<table>
<thead>
<tr>
<th>District</th>
<th>Headquarters</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aizawl</td>
<td>Aizawl</td>
<td>3,39,812</td>
</tr>
<tr>
<td>Champhai</td>
<td>Champhai</td>
<td>1,01,389</td>
</tr>
<tr>
<td>Mamit</td>
<td>Mamit</td>
<td>62,313</td>
</tr>
<tr>
<td>Lunglei</td>
<td>Lunglei</td>
<td>1,37,155</td>
</tr>
<tr>
<td>Lawngtlai</td>
<td>Lawngtlai</td>
<td>73,050</td>
</tr>
<tr>
<td>Saiha</td>
<td>Saiha</td>
<td>60,823</td>
</tr>
<tr>
<td>Kolasib</td>
<td>Kolasib</td>
<td>60,977</td>
</tr>
<tr>
<td>Serchhip</td>
<td>Serchhip</td>
<td>55,539</td>
</tr>
</tbody>
</table>

Source: Directorate of Information and Public Relations, Mizoram

\(^7\) Mizoram, the land of peace and progress by Directorate of Information and Public Relations, Mizoram 2002. p-15.
TRANSPORT AND COMMUNICATION

Transport is the basic infrastructure needed for generation of economic activity. The location and nature of topography of Mizoram however has hindered the development of transport system to a great extent, thereby creating a bottleneck for the economic progress of the State. Road transport occupies the most important means of communication in Mizoram. The District-wise road length by 31.3.2006 (Under PWD) is shown in table below:

TABLE 1.2
DISTRICT WISE ROAD LENGTH upto 31.3.2006 (Under PWD) in kms.

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Name of District</th>
<th>Surfacd</th>
<th>Unsurfaced</th>
<th>Total</th>
<th>Road density</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Aizawl</td>
<td>773.1</td>
<td>479.62</td>
<td>1252.72</td>
<td>2.85</td>
</tr>
<tr>
<td>2</td>
<td>Champhai</td>
<td>478.11</td>
<td>379.02</td>
<td>857.13</td>
<td>3.71</td>
</tr>
<tr>
<td>3</td>
<td>Mamit</td>
<td>242.35</td>
<td>276.45</td>
<td>518.8</td>
<td>5.83</td>
</tr>
<tr>
<td>4</td>
<td>Lunglei</td>
<td>225.48</td>
<td>408.22</td>
<td>633.7</td>
<td>7.15</td>
</tr>
<tr>
<td>5</td>
<td>Lawngtlai</td>
<td>28.95</td>
<td>238.12</td>
<td>267.07</td>
<td>9.57</td>
</tr>
<tr>
<td>6</td>
<td>Saiha</td>
<td>39.25</td>
<td>217.35</td>
<td>256.6</td>
<td>5.45</td>
</tr>
<tr>
<td>7</td>
<td>Kolasib</td>
<td>245.14</td>
<td>125.04</td>
<td>370.18</td>
<td>3.73</td>
</tr>
<tr>
<td>8</td>
<td>Serchhip</td>
<td>125.94</td>
<td>166.2</td>
<td>292.14</td>
<td>4.86</td>
</tr>
<tr>
<td>Total</td>
<td>2158.32</td>
<td>2290.02</td>
<td>4448.34</td>
<td>43.15</td>
<td></td>
</tr>
</tbody>
</table>

Source: Statistical Handbook 2006 Govt. of Mizoram.
The total length of road in the state by the end of 2000-01 was 4046.37 kms. Out of which 2220.330 kms. were surfaced road. The unsurfaced roads with 1844.07 kms. of road length constituted about 45.4 per cent of the total road length. Out of the total 732 (2001 census) inhabited villages in the state, 360 villages were connected by all weather roads while 342 villages were connected by fair weather roads.8

The number of vehicles on road in Mizoram has increased from 26,768 during 1999-2000 to 30,447 during 2000 – 2001 showing an increase by 13.7 percent over the year9.

Mizoram is linked with the rest of the country by Air, Rail and Road Transport. The National Highway No.54 links Silchar in Assam to Tuipang in the southernmost District of the State. Rail link in the State has been established at Bairabi, in the northern fringe of Mizoram at a distance of 117 kilometers10 from the State Capital, Aizawl since 1991.

However, the total railway line extended into Mizoram

8. Socio-economic Review, Mizoram 2000-01 Issued by Directorate of Economics and Statistics, Govt. of Mizoram p-12
9. Socio-economic Review, Mizoram 2001-01 issued by Directorate of Economics & Statistics, Govt. of Mizoram, P-12
is only 1.5 km, with a small railway station. This is a meter gauge line extended from Katakal Junction (Assam) under NF railway. One mixed train carrying both goods and passengers arrived at this station regularly once in a day. Besides, there is also one Railway Out Agency functioning under Transport Department of the State Government. Facilities for computerized railway tickets reservation is provided by this agency.

Aizawl, the capital town of the State is connected with Kolkata by Alliance service at Lengpui Airport at a distance of 42 kms. From Aizawl. ATR-42 also applies between Aizawl and Guwahati since 3.4.2003.

Mizoram State Transport runs passenger bus services in 33\textsuperscript{12} routes including three Inter-State services to Silchar and Guwahati in Assam and Shillong, the capital of Meghalaya. The Mizoram State Transport abbreviated as MST, have been running passenger service. Apart from the State-run MST, a number of private agencies like Capital Travels, Blue Hills Travels, Jagannath Travels, Network etc. operate daily deluxe bus services between Aizawl and Guwahati in a different routes. A good number of Maxi-

\begin{itemize}
  \item \textsuperscript{11} Directorate of Economics & Statistics, Government of Mizoram
  \item \textsuperscript{12} Mizoram, Land of Myriad Hues, published by Directorate of Tourism, Govt. of Mizoram.
\end{itemize}
cab are also plying within and outside the State. Number of motor vehicles in Mizoram (Government) and number of public service vehicles permit issued by State Transport Authority in Mizoram are shown in the tables below:

**TABLE 1.3**

**NUMBER OF MOTOR VEHICLES IN MIZORAM (GOVERNMENT)**

<table>
<thead>
<tr>
<th>Sl No.</th>
<th>Type of Vehicle</th>
<th>Total Vehicles as on</th>
<th>New registration during</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>31.3.05</td>
<td>31.3.06</td>
</tr>
<tr>
<td>1</td>
<td>Two Wheeler</td>
<td>684</td>
<td>744</td>
</tr>
<tr>
<td>2</td>
<td>LMV(Non-Commercial)</td>
<td>2782</td>
<td>2860</td>
</tr>
<tr>
<td>3</td>
<td>Contract carriage (Buses)</td>
<td>246</td>
<td>252</td>
</tr>
<tr>
<td>4</td>
<td>Ambulance</td>
<td>42</td>
<td>43</td>
</tr>
<tr>
<td>5</td>
<td>Fire fighter</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>6</td>
<td>Recovery Van</td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td>7</td>
<td>Trucks &amp; Lorries *</td>
<td>979</td>
<td>989</td>
</tr>
<tr>
<td>8</td>
<td>Tractor</td>
<td>34</td>
<td>41</td>
</tr>
<tr>
<td>9</td>
<td>Trailer</td>
<td>156</td>
<td>156</td>
</tr>
<tr>
<td>10</td>
<td>Excavator</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>11</td>
<td>Road Roller</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td><strong>Total Vehicles</strong></td>
<td><strong>4947</strong></td>
<td><strong>5122</strong></td>
</tr>
</tbody>
</table>

*public goods carrier = LMV, MMV, HMV.*

*Source: Directorate of Economics & Statistics Government of Mizoram.*
### TABLE 1.4

**NO. OF PUBLIC SERVICE VEHICLE PERMIT ISSUED BY STATE TRANSPORT AUTHORITY IN MIZORAM**

<table>
<thead>
<tr>
<th>SI No.</th>
<th>Type of Vehicle</th>
<th>Permit Issued (nos.)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>City / Town Bus</td>
<td>32</td>
<td>14</td>
</tr>
<tr>
<td>2</td>
<td>Bazar Bus</td>
<td>26</td>
<td>21</td>
</tr>
<tr>
<td>3</td>
<td>Night Bus</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>Taxi</td>
<td>157</td>
<td>226</td>
</tr>
<tr>
<td>5</td>
<td>Auto Rickshaw</td>
<td>79</td>
<td>92</td>
</tr>
<tr>
<td>6</td>
<td>Maxi Cabs</td>
<td>103</td>
<td>104</td>
</tr>
<tr>
<td>7</td>
<td>Tourist Taxi</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>339</td>
<td>461</td>
</tr>
</tbody>
</table>


### POSTAL AND TELECOMMUNICATIONS

The total number of post offices at the end of 2005-06 stood at 416 out of which 57 Post Offices are in the Urban areas and 359 in the rural areas. Up to the end of 31-03-2006 there were 76 numbers of Telephone Exchanges in the State, 5 numbers of
town/cities have telegraph facilities. The number of landline Telephone connection up to 31-03-2006 stands at 55,222 at the end of 2005-2006. The number of PCOs (STD) functioning in Mizoram stood at 782 during 2005-2006. Mobile phone facilities was also introduced since 31st January 2004 and number of mobile phone users (BSNL) up to 31-07-2006 stood at 33,95513.

**FINANCIAL AND BANKING INSTITUTION**

Banking has always served as one of the most important instruments for economic development. In Mizoram, public sector banks have widened the horizon of banking activities especially during the past two decades in tune with the socio-economic needs of the state.

Upto 31st March 2006, there were altogether 92 number of bank branches and 4 number of bank Head Offices in Mizoram. Out of this total number of bank branches, there were 26 number of Commercial banks, 12 numbers of Cooperative banks and 54 number of Rural Banks with the existing total number of bank branches in Mizoram, the average population covered per bank branch (as per 2001 Census) stands at 990014. Bank wise total loans

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13. Directorate of Economics and Statistics, Govt. of Mizoram

and advances disbursed to priority sector during 2004-2005 and 2005-2006 is shown below:

**TABLE 1.5**


**2004-2005**

<table>
<thead>
<tr>
<th>Sector</th>
<th>SBI</th>
<th>UCO Bank</th>
<th>Vijaya Bank</th>
<th>MC Apex Bank</th>
<th>M.R.B.</th>
<th>MUCO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>973.08</td>
<td>5.15</td>
<td>83.41</td>
<td>280.23</td>
<td>868.89</td>
<td>Nil</td>
</tr>
<tr>
<td>Industry</td>
<td>209.48</td>
<td>0.9</td>
<td>23.53</td>
<td>720.00</td>
<td>206.83</td>
<td>Nil</td>
</tr>
<tr>
<td>Services</td>
<td>5204.10</td>
<td>43.00</td>
<td>1083.75</td>
<td>2004.78</td>
<td>2108.27</td>
<td>Nil</td>
</tr>
</tbody>
</table>

**2005-2006**

<table>
<thead>
<tr>
<th>Sector</th>
<th>SBI</th>
<th>UCO Bank</th>
<th>Vijaya Bank</th>
<th>MC Apex Bank</th>
<th>M.R.B.</th>
<th>MUCO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>2029.76</td>
<td>19.90</td>
<td>49.00</td>
<td>301.10</td>
<td>1400.09</td>
<td>Nil</td>
</tr>
<tr>
<td>Industry</td>
<td>423.48</td>
<td>40.60</td>
<td>29.00</td>
<td>681.26</td>
<td>398.56</td>
<td>Nil</td>
</tr>
<tr>
<td>Services</td>
<td>9243.45</td>
<td>24.90</td>
<td>327.00</td>
<td>1032.25</td>
<td>2303.17</td>
<td>Nil</td>
</tr>
</tbody>
</table>

*Source: Directorate of Economics and Statistics Govt. of Mizoram*

**AGRICULTURAL MARKETING - AN OVERVIEW**

The goal of each country is to increase productivity so as to fulfill all the wants and needs of its citizens and to improve standard of living of its people. As a national economy develops, its functions also change. The first stage is to increase production, which is then followed by consolidating production to maximise
efficiency and profitability. The last stage is that of finding new and different market outlets or customers.

The word 'market' is a derivative of the latin word 'marcatus' meaning thereby merchandise, ware, traffic, trade or a place where business is conducted. The word market has been defined in different ways by different authorities. The following are a few definitions of market:

1. "Market includes both place and region in which buyers and sellers are in free competition with one another"15.

2. "By market is meant not any particular place in which things are bought and sold, but the whole of any region in which the buyer and sellers are in such free intercourse with one another that the price of the same goods tends to equality easily and quickly"16.

The term market may mean and include the following:

(1) It may mean a place as an open space (in the village) or a large building (public or private) where actual buying and selling takes place.

(2) An assembly or a meeting together of people for their private purchases and sale of goods at a stated time and place. Such are the periodical markets or village fairs where both buyers and sellers come together and conduct their transactions.

15. Lorenzo, A.M; Market reports 1948; p-2
(3) An area of operation or the geographical or economic extent of the commercial demand for commodities. The market may extend to a locality, village, town or a country according to the demand of a commodity.

(4) It may mean all the inhabitants of a country. For example, the Indian market, it refers to the total population of India and the purchasing power in the aggregate: An aggregate may compose of perspective buyers/buyers and seller/sellers that brings to focus the conditions and forces which determine prices.

Ordinarily marketing means buying and selling of commodities the value of which is determined in terms of money. But in economic sense, marketing has been defined as "business activities involved in the flow of goods and services from producer to consumer excluding only those activities that involve the changing of form".

Since marketing - the distribution of goods - creates the utilities of time, place and possession, the economists treat marketing as a part of production. That is the economic basis of marketing. Marketing has been described differently in different ways. It includes all activities involved in the creation of place, time

17. The National Association of Teachers of Marketing and Advertising, USA, Convention 1931.
and possession utilities. The process of marketing makes goods and services much more valuable when they are wanted and transferred to the people and at a place where they want them.

Marketing is the process of discovering and translating consumer needs and wants into product and service specifications, creating demand for these products and services and then in turn expanding this demand\textsuperscript{19}.

"Marketing is the business process by which products are matched with markets and through which transfers of ownership are effected"\textsuperscript{20}.

"Marketing consists of the performance of business activities that direct the flow of goods and services from producer or supplier to the consumers or end-users"\textsuperscript{21}.

According to Peter F. Drucker, "Marketing is not a function of business, but a view of the entire business seen as the economic organ to provide goods and services. This is the marketing view of business. Everything the business does in that respect is marketing. Marketing is not only much broader than selling, it is not

\begin{flushleft}
\textbf{References:}
\begin{enumerate}
  \item Hansen, H.L.; Marketing; Text Techniques and Cases, 1971, p-4
  \item Cundiff, E.W.; and Still, R.S. Basic Marketing, 1972, p-2
  \item Committee on Definitions of the American Marketing Association, Marketing Definitions: A Glossary of Marketing Terms, 1960, p-15.
\end{enumerate}
\end{flushleft}
specialised activity at all. It encompasses the whole business, concern and responsibility for marketing must, therefore, permeate all areas of the enterprise.\textsuperscript{22}

The object of marketing as of all productive activities is to satisfy human wants. We do not consume or take bread to give the farmers market for his produce but what he grows is the demand of the people and if that is not satisfied in the locality itself it is imported from other centres of production.

We may define marketing as those business functions which are most directly and primarily concerned with three activities, the recognition of the demand (or potential demand), the stimulation of the demand (through promotion and selling); and the satisfaction of the demand (largely by the product itself and the means of distribution which make it available).

Agricultural Marketing is therefore one of the manifold problems which have direct bearing upon the property of the cultivators. Agricultural Marketing in its widest sense comprises all the operations involved in the movement of food and raw materials from the field to the final consumer. It includes the handling of product at the farm, initial processing, grading and packing in order to maintain and enhance quality and avoid wastage.

\textsuperscript{22. Drucker, P.F.; The Practice of Management, 1954, pp-38-39}
Agricultural Marketing is a process whereby the producer and the buyer are brought together. The producer refers to all those engaged in farming land. The buyers are classified under three main categories:

(i) **CONSUMERS**: Who buy for their direct consumption such products as wheat, rice, pulses etc.

(ii) **PRODUCERS**: Who buy agricultural products for use as intermediate goods for processing/manufacturing; and

(iii) **MIDDLEMEN**: Who buy agricultural products, raw or processed for resale.

**TYPES OF AGRICULTURAL MARKET**

Markets for agricultural produces may be broadly classified into

(i) Village Markets

(ii) Primary wholesale markets

(iii) Terminal markets and

(iv) Retail markets

(i) **VILLAGE MARKETS**: Practically each village or cluster of small villages has a market. These generally assemble once or twice a week. The days on which these markets meet are fixed so that in itinerant traders can visit the area. Most of the transactions in these markets involve small quantities: Producers sell their surpluses and purchase supplies for their daily requirements.
Part of the produce is purchased by small retailers, who, in turn, sell it to the non-farm rural population or, later in the season back to the cultivators themselves. The rest of the produce is purchased by intermediaries and finds its way to the wholesale market. Village markets are very poorly equipped; most of them are uncovered and without storage, stallage or drainage facilities.

In addition, roads linking most of these markets to towns and wholesale markets are so poor. Some markets lack roads completely. No postal or telephone facilities are available. Producers from within a radius of 5 to 10 miles gather in these markets to sell their small surpluses. Agricultural produce and livestock are usually sold in these markets popularly known as hats or shandies.

Such markets are organised by village panchayats and every shopkeeper has to pay some rent for the space he occupies. Here bargaining is a common feature. The village bania acts as a middleman in return for a small commission.

(ii) **PRIMARY WHOLESAL E MARKETS**: Such markets are held in a fixed place and daily transact a large volume of business emanating from the village markets. Some wholesale markets also serve as assembly points for distant producing centres. Most of these are situated in district or taluka head-quarters or important business centres. These are better equipped with such facilities as post and telegraph offices. They are generally connected
to distant consuming and terminal markets by roads. Many of them are situated on railway lines. They are popularly known as Mandis. Fruits, grams, vegetables, cotton, etc. are sold in these markets.

(iii) TERMINAL MARKETS: These markets are generally situated in large urban centres where part of the produce is sold for local consumption and the rest is forwarded to other consuming centres. In such markets transactions take place mainly among traders, instead of between cultivators and traders. They are better equipped with adequate modern storage and warehousing facilities.

(iv) RETAIL MARKETS: These markets are found scattered all over the town or a city or concentrated in particular localities. They are owned by the retailers subject to municipal control. They usually deal in all types of produce and serve the needs of the city people as well as the surrounding villages e.g. cloth market, vegetable market, shoe market, hardware market, sweetmeat market, grocery market etc.

The marketing of agricultural produce involves several activities such as collecting and storage of agricultural goods, their transportation to sale points, their gradation, settlement of bargains etc. In the performance of this sale-purchase function, marketing agencies render valuable service to the economy on several counts.
One of the important reasons why rural masses continue to reel under high indebtedness relates to distress sales at the time of harvest. Their holding capacity is not known to be great against the adverse market forces. Support prices are not available to all crops. And where they do, communication problems obstruct farmers to take full advantage.

Not all agricultural produce has the same shelf life. Some are more perishable, some are less, and some are even durable. Cotton and milk offer contrasting cases of long and short shelf life. In between are other agricultural commodities like vegetables, fruits, cereals, pulses, oilseeds, poultry, eggs, live and dead animals, fish, ghee, honey, etc. Each has its own characteristics that disallow common marketing recommendations. Packaging and storage requirements vary for different commodities. Honey, wheat and milk are processed, packed and stored differently. Farm and non-farm households have different limitations and strengths. In general, distress sale occurs when producers are indebted or are located away from markets.

FACTORS RESPONSIBLE FOR HAVING A GOOD AGRICULTURAL MARKETING SYSTEM

Most of the agricultural products are bulky and need more space for storage. However the income out of these bulky products which need sufficient space for storage can not be that
high comparatively. Most of the agricultural products are seasonal crops. It is therefore required to make all these products available even in the off-seasons. To make all these products available in all season, the following factors are responsible

(1) Assembling
(2) Grading
(3) Standardisation
(4) Packing and Packaging
(5) Processing
(6) Storage
(7) Transportation
(8) Market Information
(9) Financing
(10) Risk Factor
(11) Insurance

(1) **ASSEMBLING**: Assembling is the most important of all the marketing functions. Assembly means "the seeking out of sources of supply, buying wisely as to quantity, quality and variety and making commodities available when and where they are wanted." The following factors explain as to why agricultural produce should be assembled at a particular place:

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23. *Holtzclaw, H.F; Principles of Marketing, 1936*
(i) An average agriculturist relatively produces a very small quantity as a result of that he cannot carry it economically to the market
(ii) Quality of the produce differs from place to place and season to season
(iii) Different crops are grown in different seasons and, hence, their supply fluctuates
(iv) Demand for different produce varies from consumer to consumer.

(2) **GRADING**: Grading is the process of sorting individuals specimens of a given product to the standard grades or classes to which they belong. To grade is to divide commodities into lots which have approximately the same characteristics of types, of size or quality or of two or all of these. The presence of a grading system makes possible a comparison of values of different qualities of a product in a single market and of differences in price of the same grade in different markets. Such comparisons are constantly necessary for keeping prices of the different grades in different markets in line with each other. Thus, the grade becomes part of the price structure of the commodity.

In other words, grading is the process of dividing a quantity of the same kind of product into uniform groups according to certain standards of size, shape, colour, texture, degree of
cleanliness, acidity or other significant characteristics\textsuperscript{24}. Converse and Hugey further add to these quantities, chemical content, amount of foreign matter, amount of moisture; ripeness; sweetness, length of fiber or a combination of several of these\textsuperscript{25}.

(3) **STANDARDISATION**: According to Duddy and Revzan, "a standard is a measure that is generally accepted as having a fixed value. The measure is in units of intrinsic qualities or characteristics of a product or a service". Standardization is "the determining of classes or grades of a product or service that have fixed limits"\textsuperscript{26}.

Standardisation of agricultural produce presents some difficulties and some products are more difficult to grade than others. This difficulty increases due to smallness of agricultural industry. Further, the products of different farms also differ in variety, quality and size. In order to obtain the benefits of standardisation, standards have to be established and goods assorted into lots which conform to these standards. Eggs, fruits, vegetables and wool are standardised in this way. It is easier to grade commodities that are not perishable since they need not be hurried to the market in order to avoid deterioration. Since less haste is necessary in marketing non-perishable products they can be

\textsuperscript{24} Pyle, *Marketing Principles* p-78
\textsuperscript{25} Converse, Hugey and Mitchell, *The Elements of Marketing*, p-122
\textsuperscript{26} Duddy and Revzan, *Marketing* p-80
graded more carefully and finer standards can be adopted. When haste is essential, as in the case of perishable goods; standards are applied quickly and therefore, grading is less carried on. It is for this reason that the development of refrigeration has aided so materially in the standardisation and grading of perishable farm products.

(4) PACKING AND PACKAGING: A package defines the space in which a product is contained. The Package contents may be pre-measured, pre-weighed, pre-stored, pre-assembled, then placed in a specially designed wrapper, box, carton, can, crate, bottle, jar, tube, barrel, drum or pallet for convenient distribution.27

Packing is the general group of activities which concentrate in formulating a design of the package, and producing an appropriate and attractive container or wrapper for the product.28 Packaging means "the wrapping and crating of goods before they are transported or stored."

Packaging involves more than simply placing products in containers or covering them with wrappers. "Packaging" has been defined as "an activity which is concerned with protection, economy, convenience, and promotional considerations."29 The Indian Institute

28. Stanton, W; Fundamentals of Marketing, p-229
29. Kotler, Philip, Marketing Management, 1976
of packaging has defined packaging as "the embracing functions of package selection, manufacture, filling and handling".

(5) **PROCESSING:** After crop is harvested and before it reaches the consumer, it is subjected to one or more forms of processing. Processing generally represents an important stage in preparing an agricultural commodity for the market. It differs for different crops and for different uses and preferences on the part of the consumer. A single form of processing may consist of more than a single operation carried out by different parts at different stages. For example, paddy may be threshed and winnowed by the cultivator but husked by the miller, the trader or even the consumer. In majority of crops, broad uniformity for processing is available in the country.

(6) **STORAGE:** Storage is the process of holding and preserving goods, from the time they are produced until they are needed for consumption or use. The conditions that give rise to storage are seasonal production and more or less uniform consumption, uniform production and seasonal consumption, the need for protection or preservation of the commodity, and the inability to maintain perfect balance between supply and demand because of the system of round about production.

Storage of fruits and vegetables is necessary because of their timely production and continuous consumption. It would be
impossible for us to consume them if the services rendered by the store-keeper are not available.

(7) **TRANSPORTATION:** Man, from the time of his appearance, has earnestly tried to find out some means of transporting himself, his family and his luggage from one place to another. Throughout the period of human development transport has been regarded as a thing of prime importance to promote the growth and distribution of wealth to develop distant markets of the world. All goods whether commercial or agricultural are not utilised at the place of their origin. They require some kind of transportation to create place utility. Minerals or other raw materials are to be transported from the place of extraction or production to the furnace or factory, crops are to be carried from the farm to the local market or the local godown, from the godown to the primary market and from there to the place or places of consumption\(^\text{30}\). Transportation is as productive as the services rendered by the cultivator or a store-keeper. Improvement in the means of communication and transport has extended the area of the market both in and outside the country.

(8) **MARKET INFORMATION:** The villagers have practically no contact with the outside world nor are they in touch with the trend of the market prices and they mostly depend on hearsay reports received from the village bania who is not at all interested in

\(^{30}\) Holtzclaw, H.F., Agricultural Marketing p-379
supplying them to correct information as to prices obtaining in the wholesale market.

No definite account can be given about the information the farmer needs without knowing something about the product in which he specializes. Thus required information varies considerably with the product to be sold. In general, information needed may be of demand and supply; prices prevailing in different markets, weather condition, daily supplies and expected arrivals in large markets; anticipated production by competitors, quality, relationship of current supplies and prices with those of previous seasons and with those of competing commodities, condition of present crop and estimated total production for the current year, outlook for a future crop, usual volume of shipments to all markets during a particular season, and the average volume of shipment to the market in which producers are most interested.

(9) FINANCING: Agriculturist in India cannot do without outside finance. He is, therefore, compelled to borrow for his consumption and productive needs. Credit is more necessary in agriculture because it takes months to receive the return of its labour and the supply of agricultural produce is seasonal while the demand exists all the year round which makes financial arrangements much more
unavoidable in order to make adjustment of both and stabilise the prices.

According to F. Nicholson the chief objectives for which agriculturists need money are: "to pay current expenses of cultivation such as the purchase of seeds, manures, etc, the purchase of cattle, implements and raw materials, to acquire new land by irrigation, drainage, weeding and planting, to pay up old debts, to build and repair houses, to purchase food-stuffs and other personal necessaries, to pay land revenue to the government, to meet expenses connected with marriage and other social events in the family, to buy jewellery and to conduct law suits."  

(10) RISK FACTOR: The purpose of marketing is to get something in return for the services rendered by producers and middlemen. This very idea of getting the return induces the producers to grow, produce and put goods and services in the market. Middlemen in their turn bear the risk to dispose off their stock received from the producers at better prices and the consumers bear some risk when they purchase goods of their requirement for the whole year for reasons of fall in prices and the availability of quality goods in future.

Risk in marketing may be defined as "uncertainty in

regard to cost, loss or damage. 'Marketing risk' may be defined as the danger of loss from unforeseeable circumstances in future. From the time goods are produced in anticipation of demand, to the time they are sold, they are subject to many risks, such as those of theft, fire, destruction, deterioration in quality, loss in storage and transportation, losses arising out of fluctuation in prices, or change in fashion, or severe competition, or non-collection of the bills.

Losses from fire, flood, and deterioration are most serious in some business, especially in agriculture. Fruits, vegetables and eggs etc. are the examples of such wastage. Sometimes fire occurs and thousands of acres of land are involved in it. Much of these losses can be minimised if proper care is taken through use of present scientific devices.

(11) INSURANCE: Practically it is not possible to eliminate or shift all risk. Under certain circumstances risks are transferred through insurance. The purpose of insurance is not to eliminate risks but to produce an averaging of risks. It is a device by which the loss likely to be caused by an uncertain event is spread over a number of persons who are exposed to it and who propose to insure themselves against such an event. Life, fire, marine, accident and general etc. are the examples of insurance.

Uninsurable risks may be reduced by amassing of a

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32. Boyles, J.E. Marketing Agricultural Products, p-158
greater quantity of information about consumers, competitors, market conditions, supply conditions, and the experience and current conditions of the individual business firm itself.

It is difficult to visualize business operations without a large proportion of risks which can in no way be minimized, shared or shifted. The more business can confine its risks within the insurable classification, the more control will business management exercise over its affairs, and in the long run the lower will be the costs of marketing.