INTRODUCTION

The term agricultural marketing is composed of two words – agriculture and marketing. Agriculture, in the broadest sense, means activities aimed at the use of natural resources for human welfare, i.e., it includes all the primary activities of production. But, generally, it is used to growing crops and livestock. Marketing connects a series of activities involved in moving the goods from the point of production to the point of consumption. It includes all activities involved in the creation of time, place, form and possession utility. Agricultural marketing involves in its simplest form the buying and selling of agricultural produce. This definition of agricultural marketing was relevant in older days when the village economy was more or less self-sufficient and when the marketing of agricultural produce presented no difficulty as the farmer sold his produce directly to the consumer on a cash or barter basis. But, in present time, marketing of agricultural produce is different from that of older days. Today, agricultural produce has to undergo a series of transfers or exchanges from one hand to another before it finally reaches the consumer.

Agricultural marketing was studied and defined by many authors and researchers. National commission on agriculture (XII report, 1976) defined agricultural marketing as, “Agriculture marketing is a process which starts with a decision to produce a saleable farm commodity, and it involves all the aspects of market structure or system, both functional and institutional, based on technical and economic considerations and includes pre and post harvest operations such as assembling, grading, storage, transportation and distribution”.¹

John R. Moore defined agricultural marketing as; “Food grain marketing includes all the business activities involved in the moving foodgrain from producer to consumers through time, space, farm and transferring ownership at the various stages in the marketing channels”.²

² John R. Moore (1973) “Indian Foodgrain Marketing” p.p 1; Prentice-Hall of India pvt. ltd., New Delhi
According to Frank A.P.P., “The marketing of farm products is a matter of great interest to the farmer, the consumer and the middleman. To the farmer, it provides a channel of communication between him and the society and gives him continuous information about the demand of his product. The consumer views it as a means of supplying his needs since marketing helps in raising the standard of living of people by satisfying a multitude of needs and desires of the consumers. The middleman depends upon it for his livelihood. These diverse interests lead the farmer to seek a high priced market for his product, the consumer a low priced market and the middleman, a margin between the farm price and consumer’s price that will amply reward him for his service.”

According to Lekhi R.K., and Singh Joginder, “Agricultural marketing can be defined as a process by which the producer and buyers of agricultural products are brought together.”

According to Thomsen, “The study of agricultural marketing comprises all the operations and the agencies conducting them, involved in the movement of farm-produced foods, raw materials and their derivatives, such as textile from the farm to the final consumers, and the effect of such operations on farmers, middlemen and consumers”.

Agricultural marketing, therefore, can be defined as the business activities associated with the flow of agricultural crops from production to consumption. The marketing of agricultural products begins on the farm, with the planning of production, to meet specific demands and completes with the sale of the fresh or processed products to consumers.

In India, marketing has its beginning in agriculture. It developed only after man was able to produce more food than he needed for himself, and only after a way of exchanging the products of his labor for those of others had been found. This transition from production for consumption to production for exchange came about slowly. About a century ago, farmers used to consume most of what they produced; but now, most of what the farmers produce is exchanged for the other things, which they require. To reach this stage, farmers became production minded. This tendency

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1 Frank A.P.P, Farm economics, Lippincott, London
has increased their dependence on marketing, which has resulted in the overall development of the market mechanism.

The early pioneers of our country did not face much of the marketing problems. The Producers and the consumers, if not actually the same individuals, lived next door to each other. The following factors have led to the growth of agricultural marketing in India. Firstly, the tendency towards increasing specialization by farmers and regions in certain crops or livestock has resulted in an increase in their efficiency and the breakdown in the self-sufficiency of the family unit. Specialization, thus, has resulted in increased production, which is the base for the growth of marketing and, in turn, of the economy. Secondly, the urban population of India has increased rapidly. This has necessitated a faster growth of agricultural marketing activities. Thirdly, the increase in transportation and communication facilities has widened the market for farm products. The length and breadth of the market to which a product is taken from the production areas have increased. In the absence of these facilities, the movement of produce from one area to another was limited, and the consumption of a product was restricted only to the areas of production. Fourthly, technological developments in agriculture, such as the evolution high yielding varieties of seeds, increased use of modern inputs and cultivation practices in the agricultural sector, have resulted in substantial increase in farm production. The marketed surplus of the agricultural produce has therefore increased. Production-conscious farmers have also become income/price conscious. This has resulted in the growth of the marketing system.

The Royal commission on agriculture (1928) much before the independence has stressed upon the importance of a dependable agricultural marketing system. The commission in its report suggested that the most hopeful solutions of the cultivator’s marketing difficulties seem to be in the improvement of communications and the establishment of regulated markets. Following the recommendations of the commission some efforts were made during the British period, but it could not make any significant impact of the marketing system due to its scanty strategies. The constitution of agricultural marketing section in 1935 (Later this constitution renamed as Directorate of Marketing and Inspection) was to look after the problems of agricultural marketing, mainly confined to the survey and investigation on marketing of important agricultural commodities, live stocks and its products. After
that Agricultural Produce (grading and marketing) Act was passed by the central legislature in 1937. This act defined standards of quality, fixed grade designations to indicate quality and prescribed grade designation mark with regard to commodities included in the schedule of this act. However, till independence, there were 432 markets in various provinces and states had brought under regulation\(^1\).

The process of regulating agricultural produce markets further speeded up with the enactment of legislation by many state governments for establishment of regulated markets. Although agricultural marketing is a state subject, even then, government of India has an important role to play in laying down general policy framework, like framing the quality standards, conducting survey and research studies, providing guidance, technical and financial support to the state governments. The central government has added and advised by two organizations under its control, namely Directorate of Marketing and Inspection (DMI) and National Institute of Agricultural Marketing (NIAM), Jaipur. These institutions started functioning from 8\(^{th}\) Aug 1988, with the objectives - (a) To arrange the agricultural marketing infrastructure; (b) To design and conduct training courses (c) Research and consultancy services (d) To offer educational programs.

Government announced the minimum support price for 24 major crops keeping in view the interest of the farmers and this support price policy acted as an insure to the farmers against any sharp fall in the farm price. The governmental interventions in markets for farm product is composed of three sets of inter dependent policies and programmes. First is the creation of market infrastructure, both physical and institutional, which facilitates the performance of various marketing functions. Second the price policy, which includes a set of regulatory policies, a direct entry of government agencies in the market with the view to conduct the prices and performance of the market. Third is about the policies concerning foreign trade in agricultural commodities, which influences the average level of prices in the domestic market. The objectives and forms of intervention were reviewed, debated and modified from time to time within the overall macro economic policy environment.

The development programs of regulated markets in India have been a turning point in the strategies of bringing out an improvement in market strategies to bring

\(^1\) Haryana State Agricultural marketing Board. Yearly report, 2006-07
an improvement in market structure and performance. It was during the beginning of the seventies when large investment was made on the construction of new wholesale agricultural market yards in many state of the country. The scheme of development of agricultural wholesale market was taken up with the financial assistance from the World Bank. With the help of this market construction scheme it was envisaged to construct many modern markets yard in different state of the country. As a result, up to mid sixties, 580 additional agricultural produce markets were brought under regulation, increasing the numbers of regulated markets in the country to 6217 till 1990 and 7566 till 2006\(^1\), which indicates a remarkable increase in the numbers of regulated markets in India.

Recently a draft model legislation titled the State Agricultural Produce Marketing (Development and Regulation) Act, 2003 is formulated which provides for the establishment of private markets/ yards, direct purchase centre, consumers/ farmers markets for direct sale and promotion of public- private partnership in the management and development of agricultural markets in the country. It also provides prohibition of commission agency in any transaction of agricultural commodities with the producers. It redefines the role of present Agricultural Produce Market Committee to promote alternative marketing system, contract farming, direct marketing, and farmers/consumers markets. It also redefines the role of State Agricultural Marketing Boards to promote standardization, grading, quality certification, and training of farmers and market functionaries in marketing related areas.

**Agricultural Marketing in Haryana**

It was imperative for Haryana government to set up modern and efficient marketing infrastructure by creating and evolving a feasible and efficient marketing system. Therefore, Haryana State Agricultural Marketing Board was constituted on 1\(^{st}\) Aug 1969. At the time of its inception there were only 58 market committees in the state with 58 principal yards and 60 sub yards. These markets were small and congested and lacked of basic amenities and facilities for proper handling of the

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\(^1\) Haryana State Agricultural marketing Board, Yearly report, 2006-07
arrivals. The farmers had to travel long distances even up to 50 to 60 kms. to bring their produce and often through *kaccha* roads to the market\(^1\).

Haryana State Agricultural Marketing Board was set up for exercising superintendence and control over market committee of Haryana. The primary objective of the board has been to set up a marketing infrastructure for better regulation of purchase, sale, storage and processing of agriculture produce. The board has been continuously endeavoring to improve the marketing system in the state. New markets are being developed to replace the old existing markets and better facilities are continued to be provided in the existing markets so that sale and purchase of agriculture produce may take place smoothly in the markets. Board directs market committees to control and regulate the admission from time to time. The board has been promoting the interest of the farmers, facilitating the buyers. In all reality, the Punjab Agricultural Produce Markets Act, 1961, laid the foundation for a statewide agricultural marketing infrastructure with the roles, responsibilities and scopes of various entities pre-defined and well regulated. Haryana State Agriculture Marketing Board (HSAMB) implements these administrative and infrastructural arrangements through the various market committees (MCs).

Today, it has created excellent facilities for marketing produce through 106 principal market yards (mandis), 182 sub yards and 178 purchasing centers/*focal points*, 33 fruit and vegetable mandis and 106 grain markets till 2007. No farmers have to travel more than 5 km. for disposal of his produce\(^2\). The MCs have been provided with all required infrastructural facilities such as:

- Agri Business Information Centre
- Boundary Wall
- Check Post & Gate
- Common Auction Platforms
- Covered Platforms
- Individual Platforms
- Shops & Booths
- Weigh Bridge

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\(^1\) Haryana State Agricultural marketing Board, Yearly report, 2006-07

Internal and Service Roads
Approach and Link Roads
Food Storage Godowns
Kisan Rest House
Light Arrangement
Parking Place
Fire Fighting Station
Drinking Water Facilities
Sulabh Sauchalya
Provision of Site for Post Office and Banks
Canteen
Provision for Water Supply and Sewerage System
Provision for Petrol/ Diesel Pump

Need for the Study

Mustard is one of the most important oilseed crops in our country. This crop has an important bearing on agricultural and industrial economy of the country. It is in great demand on account of its manifold uses in the form of oil and oilcakes. Oil is used for human consumption and oilcakes are used as concentrates for animals. This crop is also used in production of paints, soap, varnish, etc. Mustard is not only an important source of oil but also a spice widely used for seasoning of food in India well as in some developed countries. Production of rapeseed and mustard in India was 7437.8 thousand tonnes in 2006-07. Haryana state is next to Rajasthan and U.P. in the production of rapeseed and mustard. The total production of rapeseed and mustard in Haryana was 804.0 thousand tonnes in 2006-07. In Haryana oilseed economy revolves around rapeseed and mustard, which accounts for about 97 percent of total oilseed area and production in the state during 2006-07.

But despite the remunerative minimum support price and sagging demand for edible oils, farmers of Haryana are drifting away from mustard cultivation over the past few years. The data compiled by the state agriculture department reveal that the area under mustard cultivation was 708.000 thousand hectares in 2005-06 and it

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shrunk to 598,000 thousand hectares in 2006-2007. Due to low domestic production of mustard, the price of this crop is more than minimum support price in the open market. But this failed to attract more farmers and rather, the area under this crop has been shrinking. As a result, our country has to depend on imports to satisfy the demand of edible oils. In 2006-07, the share of imports of edible oils was 1.3 percent in the total imports. In absolute terms, 8961 crore rupees were spent on imports of edible oils.¹

Our country continues to be deficient in pulses also. As a result we have to spend a lot on imports of pulses every year to meet the consumption requirement. Gram is one of the main pulse crops. It is mainly used as ‘Dal’, ‘Chale’ and for making sweets. It is also used for preparing of many tasty snakes and edible local products like sev, chila, pakorcas, curries and koftas. Nutritionally, it is very rich as it contains 17-21 percent protein, 62 percent carbohydrates and good amount of fats. Besides, it is a rich source of calcium, ferrous and vitamin-C and vitamin-B.

Gram is grown in temperate, subtropical and tropical region of the world. In India, it is grown in winter season. In India, gram is mainly produced in Bihar, U.P., Haryana, Punjab, Maharashtra and Rajasthan. The area under this crop as well as the production is also shrinking every year in Haryana. The area under gram was 129.8 thousand hectares in 2005-06 while it shrunk to 107.7 thousand hectares in 2006-07².

The need is to increase the production as well as the marketable surplus of these crops if we want to curtail our import expenditure and want to be self-restraint. Marketable surplus generally stands for the quantity available to the producer for disposal after meeting the genuine requirements for the family consumption, live stock feeding, seed requirements, payment of wages in kind, other obligations such as charity or donation, etc. where as marketed surplus represents that portion of the total production which is actually disposed of by the producer either for cash or by barter. Marketed surplus may be less then, equal to or even more then marketable surplus depending upon external factors operating in the market economy. Only in such situations where no distress sales are made and where no stock is held back the marketable and marketed surplus will be equal.

¹ Economic Survey 2006-07
² Statistical Abstract of Haryana 2007-08
Now, one way to encourage the production as well as the marketable surplus of different agricultural crops is that the marketing of the crops should be made as efficient as possible. The marketing of an agricultural crop can easily be made efficient if we have accurate knowledge about the marketing pattern of the crop and about the marketing problems faced by the farmers in disposing of that crop.

Marketing pattern may be defined as pattern of sale of the agricultural produce. Marketing pattern of the agricultural produce may be studied from different angles. This may be studied with respect to place of sale, time of sale, agency of sale and price of sale. There may be variations in the place of sale, time of sale, agency of sale and price of sale of the agricultural produce from farmer to farmer. Some farmers may sell their produce in the village itself while other may sell it in the market. Some may prefer to sell just after harvest whereas others may prefer to retain it for some time and sell it later. The behaviour of the farmer with respect to the sale of his produce determines the pattern of flow of the produce in the marketing channels. His decision with respect to time, place and agency of sale is influenced by various factors such as proximity to the markets, availability of the transportation means, storage facilities, his economic viabilities, etc. Such a knowledge related to the marketing pattern of agricultural produce is useful in establishing a sound agricultural policy. It is useful for the government in regulating the available supplies and stabilizing the prices of the crops. Such knowledge is also beneficial for the farmers in taking decision pertaining to time of sale of their produce during the marketing year. This may also help the market planners in planning the size of the market and creation of market infrastructures to make the marketing system as efficient as possible.

Objectives

In the light of the above discussion, the present study is performed to meet the following objectives:

1. To examine the production, consumption, marketable and marketed surplus of gram and mustard on different farm-size groups in Haryana.
2. To examine the pattern of marketing with respect to time, place, agency and price of sale of gram and mustard on different size-groups in Haryana.
3. To examine the marketing cost and cost components in the marketing of gram and mustard in Haryana.
4. To examine the problems faced by the farmers in disposing of gram and mustard in the regulated markets.

Chapter Outline

The entire study material has been organized into seven chapters in addition to the present chapter on ‘Introduction.’ Chapter-1 contains a brief review of some earlier literature, which is helpful for the present research work. Chapter-2, explains the data source and methodology adopted in the present research work. Chapter-3 deals with the production, consumption, marketable and marketed surplus of gram and mustard on different farm size-groups. Chapter-4, explains the marketing pattern with respect to place of sale, time of sale and agency of sale of gram and mustard on different farm size-groups. Chapter-5, explains the marketing cost and cost components in the marketing of gram and mustard in Haryana. Chapter-6 highlights the problems faced by the gram and mustard growers while disposing of their produce in the regulated markets. In chapter 7, a brief summary and conclusion of the present study is given.