Study of Infrastructural Status in Agricultural Marketing

Dr. Gaurav Bissa
Associate Professor & Head
Department of Management Studies
Govt. Engineering College, Bikaner
Phone: 9414475264
Email- droauravbissa@rediffmail.com

Vijay Vyas
Research Scholar- Management
Suresh Gyan Vihar University, Jaipur
Phone: 9828534060
Email- vijay_vyas05@yahoo.co.in
vyasvijaykumar@gmail.com

Abstract

The agricultural situation in India has undergone a rapid change in last two decades. Investment in agricultural sector, both in public and private sector has increased. Agricultural production, in general has achieved reasonable growth rate. The growth rate is not only to be maintained but it requires to be increased and fluctuation in agriculture production needs to be minimized. The efforts are already underway to evolve location-specific technologies, transfer them to farmers’ fields and assure input supply to farmers in right time, place and quality.

There has been great concern in the recent years regarding the efficiency of marketing of agriculture produces in India. It is believed that poor linkages in the marketing channels and poor marketing infrastructure are leading to high and fluctuating consumer prices, and to only a small proportion of the consumer rupee reaching the farmers. There is also substantial wastage, deterioration in quality, and frequent mismatch between demand and supply spatially and over time.

The rate, at which new technologies and yield increasing inputs are used by farmers, increases the price of inputs and output both. On the other hand, consumers also expect the availability of goods at reasonable price. To achieve the above conflicting objective, sound infrastructure system can play crucial role. The proper development of infrastructure system will not only decrease the cost of distribution but also facilitate to various section of the population like farmers, traders, consumers, scientists, sociologists, administrators etc.

INTRODUCTION

Marketing infrastructure serves as the wheels for carrying economic activities. Market infrastructure is important not only for the performance of marketing functions and the expansion of the size of the market but also for transfer of appropriate price signals, leading to improved marketing efficiency. Infrastructure facilities lead to reduction in marketing cost, which is crucial for increasing the income of farmers and reducing cost to the consumers.

The sound market infrastructure system provides nourishment to production activity, income generation and positive effect on income distribution. Improved infrastructure is a primary driving force under every condition for commercialization. The benefits of...
commercialsation and specialization to a large extent depend upon infrastructure and both have push and pull relationship.

**TYPE OF INFRASTRUCTURAL FACILITIES IN AGRICULTURAL MARKETING**

**AGRICULTURAL PRODUCE MARKETS:**

Actual buying and selling of agricultural commodities takes place in market yards, sub-yards and rural markets/haats spread throughout the length and breadth of the country. Agricultural produce regulated markets have been playing a major role in the smooth distribution of food grains, oilseeds, fiber crops and fruits and vegetables to meet the supply and demand needs of the farmers, traders, processors and consumers of the State. There are 7383 agricultural produce regulated markets in the country by the end of March 2003. There is uneven spread of these regulated markets in the states of the country. The average area served by each regulated market also varied considerably among the states of India. It varies from 71 sq. km. per market in Delhi, 155 in Haryana, 828 in Rajasthan, 1600 in Himachal Pradesh, and 2079 sq. km in Assam. The average area served for the country works out to 455 sq. km.

**GRADING INFRASTRUCTURE**

Grading at primary market level is grossly inadequate. There are only 1968 grading units at the primary level, which include 587 units with cooperatives and 298 units with other organizations. At the level of regulated markets, there are only 1093 grading units in 7557 regulated market yards/sub-yards. Only around seven percent of the total quantity sold by farmers is graded before sale. During 2004-05, 6.62 million tones of agricultural produce and 26.1 crore pieces valued at Rs 6224 crore were graded at primary market level. Due to lack of proper handling (cleaning, sorting, grading and packaging) facilities at the village level, about seven percent of food grains, 30 percent of fruits and vegetables and 10 percent of spices are lost before reaching the market.

**STORAGE FACILITY**

Three tier systems exist in storage viz. at the National/State, district and village level in the country. The Central Warehousing Corporation (CWC) has been providing warehousing facilities at the centers of All India importance and the State Warehousing Corporations (SWCs) and the State Governments at centers of States and district level importance. Cooperatives are providing storage facilities at the primary and marketing society’s level, which are located at village/taluka. Financial assistance was provided to various States for construction of Godowns at the rural level under the scheme of National Grid of Rural Godowns, which stands transferred to State Governments with effect from April 1, 1992. The Food Corporation of India (FCI) constructs godowns for storage of food grains procured by it for distribution and buffer stocking. It constructs storage capacity at certain nodal points, keeping in view its requirements. The Central Warehousing Corporation constructs/creates storage capacity for FCI as well as for the general warehousing.
COLD STORAGE

With a view to enhance shelf life of perishables, cold storages in the country have also been promoted. Presently a total of 4411 cold storage are existing in the country with a total capacity of 17.48 million tones. Most of these cold storage units are in the private sector. Public and cooperative sector accounts for a very small capacity. The present storage capacity of cold stores is sufficient for only 10 percent of the total production of fruits and vegetables (150 million tons). The demand for cold storage facilities is there for other agricultural products also. Looking to the available quantities of perishable products (fruits & vegetables) the cold storage capacity available in the country is inadequate and requires their promotion both in the producing as well as consuming areas of the State.

CENTRES FOR PERISHABLE CARGO (CPC)

Major problems faced by the Indian exporters of perishable products relate to the poor and inefficient handling of the perishable commodities at the cargo centers resulting in poor quality of products reaching the international markets. It hampers the export performance and also damages the image of Indian goods in the international market. During summers, when temperature crosses 35 degrees Celsius, the handling is inefficient and palletisation procedure is slow resulting in spoilage of perishable commodities. The documentation procedure is also cumbersome and time consuming. This necessitates more efficient and well equipped cargo centers for perishable commodities. The improved and well equipped centre for perishable cargo is an important platform in the supply chain of horticultural products from the farms to the international markets and ultimately to the consumers. Six CPCs at Bangalore, New Delhi, Chennai, Thiruvananthapuram, Hyderabad, and Mumbai of varying capacities have been established. The total handling capacity at these six CPCs is 2.16 lakh tonnes per annum. The operating and ground handling agencies have been designated for each CPC. The prescribed charges for users vary from Rs 0.35 per kg to Rs 2.29 per kg. In addition, APEDA has signed MoUs for setting up of CPCs at Cochin, Ahmedabad, Amritsar, Kolkata, Bogdogra, Lucknow, and Goa.

AGRICULTURAL CREDIT FACILITIES

Agricultural credit is available to the farmers in the form of short-term credit for financing crop production programs and in the form of medium-term/long-term credit for financing capital investment in agriculture and allied activities like land development including purchase of land, minor irrigation, farm mechanization, dairy development, poultry, animal husbandry, fisheries, plantation, and horticulture. Loans are also available for storage, processing and marketing of agricultural produce.

Agricultural credit is disbursed through a multiagency network consisting of Commercial Banks (CBs), Regional Rural Banks (RRBs) and Cooperatives. There is approximately 100,000 village-level Primary Agricultural Credit Societies (PACS), 368 District Central Cooperative Banks (DCCBs) with 12,858 branches and 30 State Cooperative Banks (SCBs) with 953 branches providing primarily short- and medium-term agricultural credit

This Research-Paper has published in “Indian Journal of Research” (ISSN No. 2231-6655) Vol. 4 No. 1 (January-June 2014 Issue), Page No. 90
in India. The long-term cooperative structure consists of 19 State Cooperative Agricultural and Rural Development Banks (SCARDBs), with 2609 operational units as on 31 March 2005 comprising 788 branches and 772 Primary Agricultural and Rural Development Banks (PA&RDBs) with 1049 branches.

COMMODITY FUTURES AND FORWARD MARKETS

Agricultural commodities experience wide fluctuations in their prices largely due to monsoon and their seasonality. Due to these fluctuations, farmers face huge uncertainties. Derivatives products like forward, future, and options are the risk management tools, which can be used to avoid the impact of unexpected price changes in future price movements. Forward and future contracts enable price discovery. The price discovery function allows important economic decisions to be made as to which commodities produce, how much to sell and at what prices, how much to store and for how long. This is also a form of direct marketing and enhances the share of farmer in consumer rupee. This has assumed special importance in recent times.

Commodity futures trading in India had been revived during the last seven years. With effect from April 1, 2003, futures trading in 54 agricultural commodities have been permitted. Futures are traded through 24 recognized exchanges, of which three have been recognized as national commodity exchanges. These are NMCE, Ahmedabad (w.e.f 10/1/03); MCX, Mumbai (w.e.f 26/9/03); and NCDEX, Mumbai (w.e.f. 20/11/03). The major agricultural commodities traded in futures exchanges are guar seed/gum, gram, soya oil, sugar, raw cotton, gur, castor seed, rubber, wheat, rice and other oilseeds/edible oils.

TRANSPORTATION INFRASTRUCTURE

A well-developed and efficient system of transportation helps in the expansion of markets, reduces the transport time and costs of transportation of the commodities. Roads in movement of produce are just like the arteries in human body for blood circulation. The Indian road network is the largest in the world aggregating 3.32 million kilometers, consists of 65,569 km of National Highways, 1,28,000 km of State Highways, 4,70,000 km of Major District Roads and 26,50,000 km of other District and Rural Roads. National Highways account for only 2 percent of the total length of roads, but carry about 40 percent of the total traffic across the length and breadth of the country.

Public investment in rural roads, by increasing rural connectivity, can have a significant impact on access to markets by farmers, the development of supply chains, and overall marketing efficiency in addition to other beneficial impacts on rural households. Various studies of rural road investments found reduction of poverty by 5-7 percent through lower input and transportation cost, higher agricultural production and output prices, and higher wages. They further reveal that the rural road investments contributed 36-68 percent reduction in transport expenses, 27 percent increase in agricultural wages, 5 percent decrease in fertilizer costs, and 4 percent increase in output prices.
Railway wagons are also used for transportation of agricultural commodities from wholesale markets to consumption centers. Railway route length in the country is about 70 lakh KM and electrified track is not even bare minimum. The existing rail facilities in the country are highly inadequate. Rail lines even do not connect some of the districts in the country. The air cargo facilities are also available in limited number of States. Existing air cargo facilities are in poor condition and much below the international standards.

AGRI EXPORT ZONES (AEZS)

The importance of agri export zones can hardly be over emphasized. Already 60 AEZs have been notified in different states for specific commodities including basmati rice, fruits, vegetables, flowers, spices, wheat, vanilla, tea, coriander, cumin, sesame seed, cashew nuts and potato. The estimated investment varies from Rs 3.5 crore to Rs 212.65 crore which will be shared by the centre, state governments and private entrepreneurs in varying proportions. The present approach of diffused operation of the AEZs should be reviewed and provide for convergence of fund flow of various schemes, farmers can benefit from AEZs only if they organize into groups and are linked with players in AEZs directly or through contract farming arrangements. During the last six years, AEZs could not attract targeted private investment mainly due to lack of public investment and diffused definition of AEZs (whole district is defined as AEZ).

MARKET INFORMATION SYSTEM:

Farmers need information to aid them in planning their operations right from the time they plant the seeds until the produce passes the hands in the market. Market information helps the farmers in comparing the prices offered by different firms in different markets and also in the selection of alternative outlets available. The MIS reduces business risks of farmer, sellers and traders. There are 435 MIS centers in the country. Wholesale prices of important agricultural commodities from selected markets are collected daily by these centers and are transmitted to Head office for further transmission to TV and AIR stations.

Electronic medium has been used for transmission of information in various industries. However, their use in agricultural markets is relatively low. Markets of some States are linked with National Information Network (NIC-NET) to provide the speedy and timely dissemination of market information to the growers. Under the scheme 736 agmarknet nodes have been promoted which serves 10 percent of regulated agricultural markets of the country. Besides above telephones and mobiles are also used as means of communication for marketing of produce in India.

Conclusion

The role of adequate infrastructure for accelerated growth of the agricultural sector and in turn of the entire economy has assumed great importance in recent years due to several developments viz.,

This Research-Paper has published in “Indian Journal of Research” (ISSN No. 2231-6655) Vol. 4 No. 1 (January-June 2014 Issue), Page No. 90
(1) The creation of adequate infrastructural facilities in a liberalized and market
driven economic environment is necessary particularly in rural area for
minimizing economic disparities between rural and urban area.
(2) Growth of agricultural production depends almost on the growth of productivity
of land and availability of modern technologies. Infrastructure development is
necessary for transfer of technologies, supply of modern inputs and facilities for
market clearance.
(3) Creation of infrastructure in rural area is justified for reducing the migration of
people from rural to urban centre; and
(4) Development of infrastructural facilities is also necessary to reduce the marketing
costs for increasing the realization of farmers.

The availability of marketing infrastructure in the country is not adequate. There is also a
considerable regional variation in the availability of marketing infrastructure in the
country but more focus on infrastructure development will reduce transportation costs,
market risks in such a way that in the days to come Indian agriculture produce not only
become globally competitive but also find a place in the International shelf.

BIBLIOGRAPHY

1. S.S. Acharya, N.L. Agarwal, “Agricultural Marketing in India”, Oxford and
IBH Publishing Co. PVT. LTD., 2008
2. Balram Dogra, Karminder Ghuman “Rural Marketing- Concepts and
Marketing, Internal and External Trade for XI Five Year Plan 2007 - 2012,
Ministry of Agriculture, Government of India, New Delhi
4. Jairath, M. S. (2004); “Agricultural Marketing Infrastructure in India”, Indian
5. IyengerH. Indian Rural Markets- A Snapshot”, Marketing Mastermind,
ICFAI University Press
(2nd ed.), Vikas Publishing House, 2005
8. www.google.com
9. www.citeHr.com
10. www.wikipedia.com
11. www.yahoo.com