Chapter – II

Review of Literature
CHAPTER – II

REVIEW OF LITERATURE

Introduction

In any study, the review of previous studies are considered as an important factor for getting a better understanding of the problem, Methodology followed and to identify the unexplored part of the field of the study. In this regard, reviews of some of the studies in the field of present study have been undertaken and are presented in the following section.

A number of studies have been made on marketing of vegetables in general and on essential commodities in different cities like Delhi, Chennai, Ahamadabad, Pune and Nagpur and so on. However, there is no comprehensive study on the marketing of vegetables is one of the major gathering, distribution and consuming centers of Southern part of Tamil Nadu. It is hard to find a comprehensive study that has analyzed the process of marketing from commission agent cum wholesaler to retailer level in terms of market system and structure with reference to vegetables. Nevertheless, it would be worthwhile to review the existing literature on these aspects.

Karthikeyan (2016)\textsuperscript{1} States that Agriculture plays a pivotal role in the economic development of a nation. Agriculture is fundamentally different from industry. The marketing of farm products is a complex process. Agricultural marketing involves many activities and processes through which the nutriment and raw material move from the farm to the final consumers. The marketing system should be so designed as to give proper reward to the efforts of the agriculturist. But unfortunately, in India, the middlemen enjoy the benefits at the cost of disability, illiteracy of the poor Indian farmers. This paper focuses on the problems faced by the farmers in the marketing of agriculture goods and offers valid suggestions to

overcome the problems faced by the Indian farmers at the time of marketing their produced goods.

Tanko Saidu & Sufyan A. Tafa (2016)\(^2\) discussed the contemporary problems of agriculture in Nigeria are both on the supply side and demand side of agricultural commodities. In other words, there are broken value chains or disconnects among the components required for agricultural development. These problems include (i) the lack of incentive for farming (ii) the problems of capital shortages (iii) the continuing use of traditional production method and (v) poor storage facilities. On the demand side, the poor market condition for agricultural commodities discourages agricultural production in large scale or quantities.

M. Thirumagal vijaya and D. Suganya (2015)\(^3\) in their research paper “Marketing of Agricultural Products in India” described that the selling on any agricultural products depends on the factors like the demand of the product at that time, and availability of storage etc. The task of distribution system is to match the supply with the existing demand by whole selling and retailing in various points of different markets like primary, secondary or terminal markets. Most of the agricultural products in India are sold by farmers in the private sector to moneylenders or to village traders.

C. Prasannakumaran and V. Rajeswari (2015)\(^4\) implied that over the years, major changes came into effect to improve the agricultural marketing system. Many institutions viz., the regulated markets, marketing boards, cooperative marketing institutions, warehousing cooperatives etc., have been established primarily to help the farmers. However, various studies indicate that modernization in agricultural marketing could not keep pace with the technological

\(^2\) Tanko Saidu & Sufyan A. Tafa, towards fixing the broken value chain of agricultural productivity in Nigeria. Imperial journal of interdisciplinary research (IJIR) ISSN: 2454-1362, Volume-2 issue-6, 2016 pp.1077-1084.


Adoptions in agriculture. The various marketing functions viz., grading, standardization, storage, market intelligence, etc., need to be improved to meet the present day requirements of the farmers.

Gauravjeet Dagar (2015)\(^5\) in research article revealed that the Farmers often have limited outlets for their products and are often bound by traditional trading relationships therefore opportunities for farmers to take advantage of spatial arbitrage possibilities are restricted. Such opportunities are further hindered by the small quantities produced by most. While there may be few spatial arbitrage opportunities for small farmers, it cannot be concluded that market information is of little value to them. The practical benefits to farmers are often much greater than the theoretical arbitrage possibilities for traders. At the simplest level, the availability of market information enable the farmers to check on the prices they receive, vis-à-vis the prevailing market prices. If farmers receive prices lower than those broadcast they may conclude that they should seek out other traders in future, negotiate more forcefully or try to improve the quality and presentation of their products. Information on market conditions may also change farmers’ marketing strategies. While, individually, farmers may be unable to take advantage of spatial arbitrage possibilities, collectively they may be able to organize transport to more distant and profitable markets.

Kiruthiga, Karthi and Asha Daisy (2015)\(^6\) explained their articles that produce distribution to the customers. Like all the marketing activities, it also aims in profit making. It helps the farmers to reach their customers within very short lead time. In order to avoid isolation of small-scale farmers from the benefits of agricultural produce they need to be integrated and informed with the market knowledge like fluctuations, demand and supply concepts which are the core of economy.


Sathya and Murugesh (2015) explain that agricultural product sector has been one of the most important components of the Indian economy. Coconut, predominantly a small holder crop, occupies a prime position in the cultural, social and economic lives of millions of people across the world. Even though, India is the third largest coconut growing country in the world, its contribution to international market remains insignificant. With regard to the production of coconut, in traditional coconut growing states like Kerala and other growing states in the north east, cultivation undertaken is small, fragmented and non-commercial holdings. Coconut industry, all round efforts made for integrated development of coconut sector in the areas of production, processing and marketing. In spite of the slow growth in Coconut cultivations being undertaken on a traditional basis in most of the states and production not suited to market wants. Coconut farmers are reeling under a severe price fall in coconut, copra and coconut oil. This indicates that aggregation of products, marketing of products through a proper network and primary processing need to be taken up by farmers through their collectives. The product should be marketed in such a way that the specialty of coconut is highlighted. A concerned effort from all stakeholders in the development of coconut cultivation is vital for inducing a sustainable progress in this sector. In view of the changed scenario in the coconut sector, it was felt necessary to revise the report on production and marketing of coconut and make fresh appraisal of the changing pattern of coconut production, trade and its ancillary industries. In connection with these, a study is needed to exhibit the facts relating to coconut cultivation and marketing.

Dr. R. Karthi, Ms. S. Valarmathi & Ms. G. Karthiga (2015) explained in their research article that the rural marketing has lot of issues to expand the business. Some of the barriers are communication barrier, fragmented villages, low per capita and seasonal income, low literacy level and seasonal demand and so on. Marketers have to understand these barriers and have to make effective strategy to overcome that barrier.

---

Dr. T.V. Malick, J. Jothi Krishnan(2014)\(^9\) pointed out that the rural market has changed drastically in the past one decade. A decade ago, the rural market was more unstructured and was not a prioritized target location for corporate. Very few companies, mainly the agro-based ones, were concentrating in these markets. There are no innovative strategies and promotional campaigns. A distribution system did exist, but was feeble. Illiteracy and lack of technology were the other factors leading to the poor reach of products and lower level of awareness amongst villagers. Gradually, corporate realized that there was saturation, stiff competition and clutter in the urban market, and a demand was building up in rural areas.

Shamim Ahmad and Mohammed Jamshed (2014)\(^10\) in their study titled Nurturing an Agriculture Friendly Commodity Derivatives Marketing in India examined the analysis and discussion leads to the creation of a new institutional design exclusively for governing, monitoring and regulating the spot, futures and derivatives markets in agricultural commodities. Central Government may pass an Inter-State Agriculture Produce Trade and Commerce Regulation Act under entry 42 Inter-State Trade and Commerce of agriculture produce at national level. They found that Government of India should empower spot exchanges to function on pan-India basis through integrated single window.

Siva Sankar and Nirmal Ravi Kumar (2014)\(^11\) in their study revealed that there exists positive growth in prices of major commodities in the selected regulated markets of Guntur district. Except chillies and turmeric in Guntur and Duggirala markets respectively, the other major commodities exhibited positive trends in prices. The declining trend in prices of chillies and turmeric in Guntur and Duggirala markets is only a temporary phenomena and it is mainly due to the existence of higher market concentration with reference to commission agents and traders. For nearly half of the year period, the prices were below the average seasonal index with reference to all the selected commodities. Hence, it is essential for the Government to strengthen the


Pledge loan scheme and to encourage the farmers to store the farmers in the godowns at subsidized prices, so as to avoid distress sales of the produce.

**Gaurav Bissa and Vijay Vyas (2014)**\(^{12}\) revealed in their research article that, 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.

**Fatima Ademoh (2014)**\(^{13}\) stated in their study states that Nigeria is fortunate to have an abundance of fertile soil along with a climate suitable for agriculture. There is also a supply of human resources that could benefit from having the agricultural sector to work in.

**Nilanjana Kumari (2014)**\(^{14}\) in their research paper concluded that India’s Foreign Trade with China with Special Reference to Agricultural Commodities investigated the Sino-Indian bilateral trade relationship took an impressive turn during the last decade as China gradually ascended to become the largest trading partner of India since 2008. It can be observed from the study above that the liberalization of trade in Indian economy has positively affected our relation with the Chinese government.

**Vijay Vyas (2014)**\(^{15}\) explained that 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

---


\(^{14}\) Nilanjana Kumari, India’s Foreign Trade with China with Special Reference to Agricultural Commodities, International Journal of Multidisciplinary and current Research, Issn2321-3124, 2014, pp629-634.

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.

Rajendran and Karthikesan (2014) study explained that there are several challenges involved in marketing of agricultural produce. There is limited access to the market information, low literacy level and multiple channels of distribution eat away the pockets of both farmers and consumers. The government funding of farmers is still at nascent stage and most of the small farmers still depend on the local moneylenders who are leeches and charge high rate of interest. There are too many vultures that eat away the benefits that the farmers are supposed to get. Although we say that technologies have improved, it has not gone to the rural levels as it is confined to urban areas alone. There are several loopholes in the present legislation and there is no organized and regulated marketing system for marketing the agricultural products. The farmers have to face so many hardships and have to overcome several hurdles to get fair and just price for their sweat.

Pankaj Kumar and Meenakshi Sindhu (2014) explained the impact of globalization will be on rural as well as urban India but will be slow. It will have its impact on target groups like farmers, youth and women. Farmers, today keep in touch with the latest information and technologies. On youth, its impact is on knowledge and information and while on women it still depends on the socio-economic aspects. The marketers who understand the needs of rural consumers and fine tune their strategy are sure to reap benefits in the coming years. In fact, the leadership in any product or service is linked to leadership in the rural India except for few lifestyle-based products, which depend on urban India mainly. Broadly, globalization impact on rural and agriculture marketing potential in India are mainly: increased income and


purchase power, accessibility of market, consumer behavioral changes, competition in urban markets, new employment opportunities, green revolution, better credit facilities through banks etc.

**K. Mishra & Paridhi Bhandari (2013)**\(^{18}\) analyzed that the Agriculture is the primary occupation of the people of Chhattisgarh. According to a government estimate, net sown area of the state is 4.828 million hectares and the gross sown area is 5.788 million hectares. About 80% of the population of the state is rural and the main livelihood of the villagers is agriculture and agriculture-based small industry. The majority of the farmers are still practicing the traditional methods of cultivation, resulting in low growth rates and productivity. The farmers have to be made aware of modern technologies suitable to their holdings. Agricultural products after the formation of the state, highest priority are being given to Agriculture development. The sustained effort of the state govt. towards agriculture oriented plan/schemes resulted in the higher pace of growth in the agriculture. The state govt. has been making effective and continuous stride for the economic development of the ferment. After the formation of the state, highest priority is being given to Agriculture development. The sustained effort of the state govt. towards agriculture oriented plan/schemes resulted in the higher pace of growth in the agriculture. The state govt. has been making effective and continuous stride for the economic development of the ferment.

**C.Elamathi (2013)**\(^{19}\) explained the agriculture sector needs well-functioning markets to drive growth, employment and economic prosperity in rural areas of India. In order to provide dynamism and efficiency into the marketing system, large investments are required for the development of post-harvest and cold-chain infrastructure nearer to the farmers’ field. A major portion of this investment is expected from the private sector, for which an appropriate regulatory and policy environment are necessary.


S.Saravanan (2013)\textsuperscript{20} point out his study Marketing of agriculture can be made successful only the farmers should have adequate and cheap transport facilities which could enable him to take his surplus products to the mandi rather than dispose it of in the village itself to the village money-lender-cum-merchant at low prices and also the farmers should have clear information regarding the market conditions as well as about the ruling prices, otherwise may be cheated. The government should take some policy measures to reduce the middleman intervention in the market and also to take some initiatives to upgrade the infrastructure of the market yard facilities.

Isha Chhajed and Mr.Sameer Mehta (2013)\textsuperscript{21} in their research paper “Market Behavior and Price Discovery in Indian Agriculture Commodity Market” examined the price discovery mechanism is quite effective for most commodities, but may not be very effective for some Commodities. They found several natural processes such as seasonal cycles based on harvests, monsoons, depressions, and other weather events would also be expected to have an impact on price discovery in commodity markets; this is another area that needs to be studied.

Harwinder PalKaur and Dr. Bimal Anjum (2013)\textsuperscript{22} in their research paper Agricultural Commodity Futures In India- A Literature Review Indian economy has witnessed mini resolution in commodity Future market since 2003 as a result of the revival of commodity futures in a big way. They found there is no integration between the commodity futures markets and spot market.

Team Yes Bank (2012)\textsuperscript{23} In India: Currently, small and marginal farmers receive a paltry percentage of the final market price and the major chunk is pocketed by the intermediaries, who add to costs; and not necessarily add value across the food chain. It is necessary to move to a system where efficient system of market intermediaries is created in the agricultural sector. Farmers in India have traditionally

\textsuperscript{22} Harwinder PalKaur and Dr. Bimal Anjum, Agricultural Commodity Futures In India, Indian Journal of Economics and Sustainable development,Issn 2222-2855, Vol 3, No2,2012,pp1-5.
\textsuperscript{23} Agriculture to Agribusiness, Food and Agribusiness Strategic Advisory and Research (FASAR) Team Yes Bank, July 2012.
been price takers and the middlemen have been price makers. In order to create more value for farmers, impetus is required on agricultural infrastructure and direct-to-farmer access so that any exploitative tendencies are cut short.

Mayuri Gaur (2013)\textsuperscript{24} says that rural marketing is a time consuming affair and requires considerable investment in terms of evolving appropriate strategies to tackle the problems. The problems are managing physical distribution, channel management, sales force management and Promotion and marketing communication. Managing physical distribution relates to transportation, warehousing and communication. Channel management in rural areas includes village level shopkeeper, mundi-level distributor, and wholesaler.

Jnanadevan, R (2012)\textsuperscript{25} in his study analyzed about the approaches for 12th plan for reviving coconut cultivation in Kerala. Increasing productivity of coconut in Kerala is one of the main strategies for XII Plan for enhancing coconut production in the country to meet the increasing demand. The technologies developed by research via; new cultivars, production systems, integrated pest and disease management require wider adoption in the field. There is a need to disseminate the technologies to help the coconut farmers in terms of realization of higher returns. Further, large tracts of old, senile and root (wilt) disease advanced palms need to be replaced. Increasing the productivity of coconut in Kerala will have strong impact in the coconut development of the country. In order to motivate the farmers to remove all the disease advanced palms from the project area, to reduce the source of inoculation to maximum extent possible and to prevent the intensity of the spread of root wilt disease, the compensation for cutting and removal of disease advanced palms should be provided to all palms removed from unit holding irrespective of size of holdings in the XII plan. Commercial production of planting materials of these varieties is limited due to the non availability of sufficient mother palms.


Diggs and Barbara (2012)\textsuperscript{26} in their study offer an outlook for coconut water business in Europe. A report by New Nutrition Business indicates an increase in the number of coconut water beverage launched in Europe from 2009-2011. The natural functionality of coconut water is seen as its primary appeal to consumers in Europe as in the U.S. Challenges for coconut water brands in Europe, however, remain including the need to generate consumer demand and create awareness of the product to consumers via marketing strategies.

Parag KR. Deka and Dinesh Sarmah (2012)\textsuperscript{27} explained the Constraints and prospects of agricultural marketing in North-east India marketing of agricultural commodities in then ortheastern states, is largely dominated by the private traders due to the absence of proper implementation of Market Regulation Act by the State Agricultural Marketing Boards. Among all the states in the region, Assam, Meghalaya and Tripura have Market Regulation Act. In Tripura, it has been enacted and implemented to some extent for non-food grain crops like jute and Mesta. In Assam, the implementation process is hampered due to various litigations put up by the traders. The agricultural products marketing act in Meghalaya has been enacted but it is yet to be implemented while in Manipur preparation of the bill is in process.

Prakash C (2012)\textsuperscript{28} states that the TNCSC Ltd. as the agency of the Government has played a key role in the paddy procurement operations and thereby for the welfare of paddy producers in Thanjavur District. At the same time the performance of the TNCSC Ltd. Has its own short-coming in certain aspects. These shortcomings are to be over come through suitable actions. The officials involved in the procurement operation should be sincere, cordial and honest to the paddy producers to win their confidence. Then only, the objective of our Government to evolve a sound food policy through a sound marketing system can be achieved by eliminating the inherent defects in paddy marketing and makes the procurement system a farmer – friendly one.


Shakeel Ul Rehman, Selvaraj and Syed Ibrahim (2012)\textsuperscript{29} explained an eminent need for the Agri-marketing initiatives to be large and organized. The present market must cover two aspects of marketing network and actual regulation of the conduct of market. The need to strength the regulated market system arises from changing nature of linkages between agriculture and markets. It has been observed that better and easy market access and efficient information flow can bring much desired market orientation of the production system. Indian agriculture, moving from commoditization to commercialization drives it towards market orientation. India can claim to have largest network of agri-business cooperatives in the world, engaging in performing manufacturing, procurement and marketing of agricultural produce. These have proven to occupy important place in our economy.

Vigneshwara varmudy (2011)\textsuperscript{30} stated that poor marketing system, non availability of disease free and resistant varieties to the farmers, absence of training to the farmers on pre and post harvesting practices, non availability of cold storage facilities for strong at the production and marketing centers are the major problems faced by the farmers.

Sathya Sundaram. (2011)\textsuperscript{31} pointed out that while natural factors contributed to the price raise, manmade factors too were responsible for the situation. Hoarding remained a key factor, as there was no back-up crop and exports should have been stopped much earlier. Infrastructure remained inadequate, distribution system was faulty and there was no quick movement of the commodity from surplus to the deficit area.

Manimehalai (2011)\textsuperscript{32} opined that inclusive growth and agricultural development on her article portrayed that the profitability has become more relevant in recent years due to limited scope for expansion of arable land. Increasing yield to their technology highest level may be feasible through adequate investment in

\textsuperscript{29}Shakeel Ul Rehman, Selvaraj and Syed Ibrahim, Indian Agricultural Marketing -A Review, Asian Journal of Agriculture and Rural Development, 2(1)2012: pp69-75.


infrastructure and technology, irrigation, land development, storage, markets, etc. Availability of credit and extension services would facilitate access to available technology. These issues are more relevant in our country because 58 % of labour force dependent on agriculture.

**Joshi, Paresh (2011)**\(^{33}\) suggested that the present marketing system of Jamun fruit in the study area is imperfect in nature. Few market intermediaries dominated the market and producer- sellers have less control in fixing the price of their produce. Due to improper grading and standardization of Jamun fruits, absence of sufficient market information. On the whole it can be concluded that the producer-sellers often exploited by the traders, which reduce the producers’ share in consumer price.

**Aher.V.K, Shelke R.d, Bhosale.M.Y and Ghare, S.H (2011)**\(^{34}\) found that constrains faced by the Rabi onion growers in production and marketing and suggestions made by them in Ahmednagar district the study revealed that non availability of loan in time, non availability of storage facility and transport were the major bottleneck in efficient marketing of onion and 86.45 per cent onion growers complained transportation costs are high. In onion marketing, high rate of commission, high gunny bag charges, faulty weighing practices were also severe problem. As number of middleman between producer and ultimate consumer increased, it resulted in to less producer’s share in consumer’s rupee. This also resulted in lower market margin for the farmers.

**Thamaraikannan (2011)**\(^{35}\) viewed the commodity displays high volatility with the prices heavily dependent on season, production in different producing tract spread across the country, demand from exporters and stock available at cold storage. The prices of major chilly varieties sold in the country are correlated with each other. As a result the players in other varieties can hedge their risks through a single high

---


return varieties and a significant increase in area under cultivation may not be seen as most farmers incurred huge losses crop and have not yet recovered from these losses.

Tajmeela Jahan (2011)\textsuperscript{36} explained that farmers frequently consider marketing as being their major problem. However, while they are able to identify such problems as poor prices, lack of transport and high post-harvest losses, they are often poorly equipped to identify potential solutions. Successful marketing requires learning new skills, new techniques and new ways of obtaining information. Extension officers working with ministries of agriculture or NGOs are often well-trained in horticultural production techniques but usually lack knowledge of marketing or post-harvest handling. Ways of helping them develop their knowledge of these areas, in order to be better able to advise farmers about market-oriented information, need to be explored. Agricultural marketing needs to be conducted within a supportive policy, legal, institutional, macro-economic, infrastructural and bureaucratic environment.

Darshan Bhutiyani (2011)\textsuperscript{37} explained some aspects of India’s agriculture, such as credit, technology, infrastructure and farm management skills, have been strengthened during the country’s Five Year Plans. Unfortunately, due attention has not been paid to processing and marketing of agro produces. Hence, there is a special need for the development of commodity markets in the agricultural sector. There is thus the research need to examine the impact of and the financial market performance in terms of the spate of government intervention measures and how these have affected the credit access or constraint facing farm households in Nigeria. This is because the outcomes of the demand for credit depend on the lending practices of the credit agencies.

Mishra, J.P, (2010)\textsuperscript{38} his study, disputes between Govt and traders is one of the causes that makes farmers ultimate loser from the provision made by regulated market act in favour of farmers. The cooperative network in the state is inadequate


\textsuperscript{37} Darshan Bhutiyani, a study of marketing problems of onions in satara district, Indian Streams Research Journal ISSN:-2230-7850 Vol - I , ISSUE - V June 2011.

and unable to procure agricultural produce from the growers for safeguard the interest of the farmers. The most important factor that exists in developing countries is widespread imperfection in market mechanism. It is due to lack of market information and presence of uncertainty in market demand. Besides, market may be efficient in allocating resources at the margin; therefore a Govt intervention is crucial in market mechanisms in favour of country’s development.

**Uma Shankar Singh (2015)** explained need to promote proper packaging after grading so that further chances of adulteration or temptation may not be there. Risk management and e-trading have to be popularizing by educating various stakeholders. For this a separate resource center should be establish in National Institute of Agricultural Marketing at the earliest, it is suggested that offering incentives and creating enabling conditions would increase private sector participation and enhance the availability of agricultural marketing infrastructure in the country.

**Pathak (2009)** in his research paper stated that the contribution of agriculture in growth of a nation is constituted by the growth of the products within the sector itself as well as the agricultural development permits the other sectors to develop by the goods produced in the domestic and international market.

**A K Singhal (2007)** he identifies the gap existing between the two disciplines. He notes that agricultural marketing theory has not adopted the marketing management approach of business marketing theory or examined competitive strategy in the same way as business literature. According to him, the marketing management approach has gained very little acceptance and no significant analytical or research results in the area of agricultural marketing. However, it appears that parts of agricultural marketing theory seem to be moving towards the marketing management approach.

---

**Research gap** The above discussion on review of literature reveal the fact that most of the studies are pertaining to need to improve the productivity of quality vegetables, marketing cost, importance of marketing channels, processing, implication, channels involved in marketing, role of Co-operative bodies in marketing, regulated market, market arrivals of particular agriculture produces, marketing of off-season vegetables and agricultural products, etc., However, the present study is deviating from all other studies in the sense that this study is about the structure of problems faced by farmers in agricultural marketing, arrivals and distribution of produces through the agricultural market and in-depth study of part played by commission agent cum wholesalers and retailers of the market. This study reveals another factor that the same practices are being followed almost all the areas in Tamil Nadu and hence the study would be an unique effort in every respects and would be remind a ready-reckoner of information for future researchers in agricultural marketing.