



A Case Study

Agricultural marketing in India: Problems and prospects

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

Agricultural marketing is mainly the buying and selling of agricultural products. In earlier days when the village economy was more or less self-sufficient, there was less demand for the marketing of agricultural products. However, today's agricultural marketing has to undergo a series of exchanges or transfers from one person to another before it reaches the consumer. There are three marketing functions involved in this, *i.e.*, assembling, preparation for consumption and distribution. Selling of any agricultural produce depends on some couple of factors like the demand and supply of the product at that time. The products may be sold directly in the market or it may be stored locally for the time being. Moreover, it may be sold as it is gathered from the field or it may be cleaned, graded and processed by the farmer or the merchant of the village. Sometime processing is done because consumers want it, or sometimes to conserve the quality of that product. The task of distribution system is to match the supply with the existing demand by whole selling and retailing in 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 (to whom the

farmer may be indebted) or to village traders. Products are sold in various ways. For example, it might be sold at a weekly village market in the farmer's village or in a neighbouring village. If these outlets are not available, then produce might be sold at irregularly held markets in a nearby village or town, or in the mandi.

What is agricultural marketing ?

The National Commission on Agriculture defined agricultural marketing as a process which starts with a decision to produce a saleable commodity and it involves all aspects of market structure of system, both functional and institutional, based on technical and economic considerations and includes pre and post-harvest operations, assembling, grading, storage, transportation and distribution. The Indian council of Agricultural Research defined involvement of three important functions, namely (a) assembling (concentration) (b) preparation for consumption (processing) and (c) distribution.

Agricultural marketing can be defined as the commercial functions involved in transferring agricultural products consisting of agricultural and allied products from producer to consumer. Agricultural marketing also reflect another dimension from supply of produce from rural to rural and rural to urban and from rural to industrial consumers. In the olden days selling of agricultural produce was easy as it was direct between the producer to the consumer either for money or for barter. In brief, it was selling not marketing. In the modern world it became challenging with the latest technologies and involvement of middlemen, commission agents who keep their margins and move the produce further. As it is well known that more the