



RURAL MARKETING

CO-OPERATIVE MARKETING

PROBLEMS FACED BY AGRICULTURAL MARKETING IN INDIA

Agricultural marketing

- ▶ *Agricultural marketing refers to all those processes which relate to taking the agricultural product from the farmers to the consumers. Agricultural marketing includes gathering the agricultural produce, their standardization and grading, their storage, sending them to the market through various middlemen, selling in the market and arranging the required finance etc.*

Problems faced by agricultural marketing in india

Even though India is an agricultural country, still its agricultural marketing has been defective. The Indian farmers are unable to get reasonable price for the products even after their hard work and are fully exploited by the middlemen.

- ▶ **Too Many Intermediates**
- ▶ **Defective Weights and Scales**
- ▶ **Illiteracy and Lack of Unity among Farmers**
- ▶ **Lack of Financial Resources**
- ▶ **Lack of Organised Marketing System**
- ▶ **Lack of Transport Facilities**
- ▶ **Lack of Store Houses**
- ▶ **Lack of Standardization**
- ▶ **Lack of Awareness of the Market**
- ▶ **Corrupt Policies of the 'Mandis'**

Problems faced by agricultural marketing in india

▶ Too many intermediaries

- ▶ The one main defect of the Indian Agricultural marketing is the presence of too many middlemen and exploitation of farmers by them. On one hand these middlemen exploit the farmers by purchasing the produce at lower prices and on the other hand they exploit the customers by demanding higher prices from them. The only aim of a number of commission agents, brokers etc. is to derive a higher income from the middle processes. These middlemen take undue advantage of the poor farmer on the basis of their financial resources.

▶ Defective weights and scales

- ▶ One of the biggest defects of agricultural marketing arises due to weights and scales. Usually, in rural areas bricks, etc. are used as weights and in urban markets also defective weights are found. Thus, the grain of the farmer is weighed by a heavier weight for their own gain. Most of the traders keep separate weights for purchase and sale of grain.

Problems faced by agricultural marketing in india

▶ **Illitracy and lack of unity among farmers**

- ▶ The Indian farmers are illiterate who are easier be fooled by the money lenders, traders, middlemen, due to their simple nature. Similarly, lack of unity among farmers also causes their exploitation because Indian farmers are spread in distant areas in rural places. They are unable to meet with each other and resolve their problems, as a result they do not get a fair price for their produce.

▶ **Lack of financial resource**

- ▶ In the rural areas there is lack of financial resources, due to which even their emergency requirements are not fulfilled. In such conditions the farmers sell their produce before its ripening. Similarly, some financial facilities, like, installments on loans for pumping-set, tractor, thrasher etc. have to be paid on monthly or quarterly basis due to which they have to sell the product as soon as possible. Thus, as the lack of financial assistance, is a problem for the farmers; so does the receipt of loan also puts them in problem.

Problems faced by agricultural marketing in india

▶ **Lack of organized marketing system**

- ▶ The agricultural marketing is also very defective in India because here organised marketing is not in vogue, like, cooperative societies, government marketing activities, regular markets etc. As a result, the farmer remains entangled in exploitation. Thus, lack of organised marketing system is harmful for the farmers. That is -why; the farmer sells his product personally to different people. The middle take full advantage of the unorganized farmers.

▶ **lack of transport facilities**

- ▶ The roads from villages to cities are usually unmade which are not capable of transport during the rainy season. The bullock carts can take the product only up to a limited area. During lack of transport facilities the farmer is unable to take his produce to the appropriate market and is unable to receive a fair price for his product.

Problems faced by agricultural marketing in india

▶ Lack of store houses

- ▶ Due to lack of this facility the farmer is unable to keep his product safely until it can fetch a fair price, and he is forced to sell his product at a low price. The insufficient and unscientific facilities of storage which are available, waste large quantities of grains. Approximately 20-30 % grains are lost due to rats, insects etc. and the farmers have to bear crores of loss due to lack of these facilities.

▶ Lack of standardization

- ▶ The lack of standardization and grading is clearly visible in the indian agricultural marketing, due to which fixing a deal in relation to these product is difficult. Due to lack of proper standardization and grading the customers have problem in purchasing the product.

Problems faced by agricultural marketing in india

▶ Lack of awareness of the market

- ▶ The Indian farmer has no knowledge about marketing. He believes on information acquired from the businessmen and money lenders of the village. Mostly, the Indian farmers are illiterate so they cannot read the newspaper. Thus, they do not have sufficient knowledge about the market. Now, government transmits the rates of the market on the radio, which has definitely benefited them.

▶ Corrupt policies of mandi

- ▶ The inappropriate marketing system is so deep laden in india that about 5% of the amount is deducted from the farmer's produce in the name of donations 'chanda'
- ▶ The farmers are paid low price, as they lack appropriate knowledge about market prices, their fluctuations, government policies etc. thus by keeping the rates secret the farmers are cheated
- ▶ Before the sale, large amounts of grains are taken from the farmers as samples. By declaring the product to be of sub standard quality minimum prices are paid for it.

Co-operative marketing

- ▶ RBI “ Cooperative marketing is a cooperative association of of cultivators formed primarily for the purpose of helping the members to market their produce more profitably than is possible through private trade”.
- ▶ FAO “Cooperative Marketing is a system through which a group of farmers join together to carry on some or all the process involved in bringing goods to consumers
- ▶ The co-operative marketing is an alternative to private dealers with the main objective of securing a large share of profits for the producer. A co-operative marketing is thus to store, transport, process the farm goods in the form, at the time and at the place that consumers desire.
- ▶ Co-operative marketing can be defined as an agreement between two companies to promote or sell each other’s product while selling their own. The product can either be complimentary or might have different seasonal cycles

Co-operative sale societies or co-operative marketing

- ▶ Cooperative sale societies are formed on a cooperative basis. These societies arrange to sell the produce of the member farmers and charge only a normal commission. Cooperative sale societies or cooperative marketing thus is a voluntary association of farm producers for the joint sale of their surplus products.
- ▶ It is the system by which a group of farmers voluntarily pool their resources and join together to carry on some or all of the process in marketing of the agricultural produce

Objectives of co-operative marketing

- ▶ The main objective of establishing a co-operative marketing is to encourage the intelligent and orderly marketing of agricultural produce, to eliminate speculation and waste, to make distribution of agricultural products between producer and consumer as direct as can be efficiently done and to stabilize the marketing of agricultural productions.
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Role of co-operative marketing in agricultural produce

- ▶ The problems faced in the sale of surplus goods are quite complex and complicated. The farmers who have surplus goods have to sell them generally in un-regulated markets.
- ▶ They do not get fair and reasonable price for their produce due to numbers of reasons. For examples, the goods produced by the farmers are generally perishable and cannot be stored for a longer period of time.
- ▶ There is less grading of agricultural produce. No market news service is easily available to the farmers. There is a long chain of middle-men who take away about 1/8th of the cost; transport and storage facilities are not only inadequate but also expensive.
- ▶ In order to help the farmers for getting a fair return of their surplus produce, establishment of cooperative sale societies are considered to be the best solution so as to help the agriculturists at the village end.

Advantages of co-operative marketing

- ▶ Abolition of middleman
- ▶ Reduce cost and improved services
- ▶ Improved marketability
- ▶ Safeguards against rising costs and input prices
- ▶ Provides credits
- ▶ Enhanced storage facility
- ▶ Processing of agro-products
- ▶ Market intelligence
- ▶ Facility of right weighing
- ▶ Market infrastructure
- ▶ Relief of illegal deductions
- ▶ Linking credit, processing and farming

Disadvantages of co-operative marketing

- ▶ Lack of commitment from members: Members in the agreement may become less concerned or less committed during the course of time and it may affect the other party's business adversely.
- ▶ Applicability on target audience: The cooperative marketing strategy created may be applicable to only a part of the target audience of the whole business.
- ▶ • Information sharing: Some businesses have operated individually for years and when they enter into an agreement for cooperative marketing it gets difficult for them to trust the partners with crucial information and it may hamper the marketing of the products.

Technical problems

- ▶ **Business character:** The trading activities of a marketing society are carried on a tradition manner. The management, due to fear of loss does not take risks. They only follow the trading practices of the commission shops run by private dealers in agriculture produce.
- ▶ **Decision Making:** The working of the society is affected due to inability to arrive at a quick timely decision. As the decision making of the society is done by the management committee, it takes time to call the meeting and then take decisions. The decisions of the society are mostly person oriented instead of being business oriented.
- ▶ **Lack of storage and transport facilities:** The marketing societies do not usually have adequate storage and transport facilities. The facilities are indispensable for the efficient operation of the shops.
- ▶ **No Outright Purchase:** The commission shops are not