

AGRICULTURAL MARKETING

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PREFACE

Indian economy is basically an agricultural economy. A substantial portion of India's national income is from the agricultural sector. A vast majority of India's population is dependent on agriculture for its livelihood. Agriculture also provides employment opportunities to many, both directly and indirectly. Agricultural products are the life line and vital source of survival for the mankind. With the advent of technology, the scope of agriculture study has been widened. With technological innovation leading to better production, storage, cold chain management and pace of distribution opportunities in agricultural marketing has been increased. Hence it is increasingly seen as a lucrative employment option. Therefore, the time has come to offer the subject "Agricultural Marketing" to the Under Graduate Students. The purpose of this book is to make Agricultural Marketing a student friendly subject.

This book serves three objectives – one to understand the subject, secondly remember the concepts for a longer period and, thirdly simplifying the complexities to make the stake holders comfortable with the subject.

This book is meant for the II Semester B.Com. students of Mangalore University (CBCS – Elective Paper). The book has been divided into 4 units. Each unit is discussed keeping the student and faculty in mind and the subject. The subject is presented in a clear and systematic way and the language used is simple to ensure better understanding. At the end of each unit questions are given for the practice by students. These questions provide a coherent frame work for analysing the matter, making it easier for the students to learn.

I have referred several standard books available, articles on websites, discussed the better way of presentation of various concepts

and placing before academicians and students. I am enormously indebted to all these writers and their scholarship has been gratefully acknowledged. As an author I feel that students' expectations in a text book for academic learning are fulfilled hereand hope the academicians and student community will widely refer this book.

The book could not have been written without constant support and motivation I received from my teachers, colleagues, students and well-wishers. I express my heartfelt thanks to Dr.Ashalatha S. Suvarna, Associate Professor of Commerce, Shree Gokarnanthesawara College Mangaluru, for very valid and thought-provoking foreword and encouragement. I am extremely grateful to the Management, Principal and my colleagues for their unconditional support. This book is published by the most experienced publisher Edwise Publishers, Mangaluru. I profusely thank the publisher for the committed efforts to bringing out this book in a unique way and at reasonable cost. I owe a personal debt of gratitude to the members of my family for their unstinted support. I gratefully accept the opinions and suggestions for the improvement of this book.

Mangaluru

Seema Prabhu S.

Decemeber, 2019

FOREWORD

India is basically an agrarian economy. Agriculture and its allied activities contribute 22 per cent to GDP, and provide 60 per cent to rural employment. There is therefore, need for understanding agricultural sector, the problems and prospects for its development and improving marketing strategies. The traditional adage that Indian farmer is born in debt, lives in debt and dies in debt should no longer be an issue with the advent of advanced marketing environment.

The First Unit on Marketing of Agricultural goods covers the meaning and classification of agricultural goods with an apt introduction to agricultural marketing. Problems of agricultural marketing have been vividly pinpointed along with remedial measures in substance. With the detailed investigation into the route taken by the title to the goods as they move from the producer to the ultimate consumer or industrial users, the role of channels of distribution has been deliberated in the topic. The author has been successful in projecting the lacunae of intermediaries and highlighting the role of wholesale market. The concepts like local market, jobbing markets, central markets have been very effectively presented in the chapter.

The Second Unit extensively covers the channels of distribution for agricultural consumer goods and raw materials. In addition to the traditional modes of distribution, the author has very pragmatically brought out the recent changes effected in the agricultural marketing. Contract farming has been evolved as a way out for the present problems in agricultural marketing.

The Third and the Fourth Units provide remedies for the problems of agriculture and agricultural marketing through regulated and co-operative marketing. These chapters feature objectives, functions and structure of regulated and co-operative marketing. The pros and cons of these marketing modes have been discussed at length. Methods of Business adopted by Marketing Co – Operatives along with merits

and demerits of each of the methods are discussed. The author strongly believes that to promote orderly marketing of agricultural produce for a country like India, the regulated market and co-operative marketing offers a best alternative in promoting the economic interest of the people.

The author has stuck to the prescribed syllabus, and as such has refrained from exposing primary problems faced by agriculturists. However, she has provided useful insights on problems of agricultural marketing. The chapters are well integrated with a cohesive knit and make an interesting reading.

Prof. Seema Prabhu S. is a Commerce activist, always in the forefront in all the academic pursuits of MUCTA. Her book on Agricultural Marketing will definitely assist in accelerating and steering interest in young minds. I hope and wish that students and faculty will welcome this book wholeheartedly.

Dr. Ashalatha S. Suvarna

Associate Professor of Commerce

Shree Gokarnanthesawara College

Mangaluru-575003

AGRICULTURAL MARKETING

Hours per week: 2

24 hrs: No of Credits: 1

Unit 1: Marketing of Agricultural Goods:

6 hrs

Special Problems in the Marketing of Agricultural Goods. Channels of distribution- Wholesale Market, Local market – Functions of the Local Market- Middlemen in the Local Market, Central Markets- Reasons for the growth of Central Markets- Functions of the Central Markets- Middlemen in the Central Markets, Jobbing Markets.

Unit 2: Channels of distribution for Agricultural Consumer Goods:

6 hrs

Selling Directly to Retailers- Selling Directly to Consumers, Channels for Raw Materials. Changes in the Pattern of Marketing of Agricultural Goods- Super Markets, Voluntary and Co-operative Chains, Contract Farming.

Unit 3: Marketing of Agricultural Goods-Agricultural Marketing in India.

4 hrs

Regulated Markets-Main Features of the Regulated Markets- Advantages of the Regulated Markets.

Unit 4: Co-operative Marketing

8 hrs

Objectives-Characteristics of Agricultural Cooperative Marketing Society-Necessary Conditions for the success of a Marketing Co-Operative-Organisational Structure- Types of Marketing Co-operatives- How do Marketing Co-operatives do business?-Advantages of Co-operative Marketing- Problems or Limitations of Co-operative Marketing – Progress of Co-operative Marketing in India- Activities of Co-operative Marketing Societies in India.

Books for reference:

1. Principles of Marketing: J.C. Sinha
2. Marketing and Salesmanship: B.S. Raman

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UNIT - 1

MARKETING OF AGRICULTURAL GOODS

CONTENT: Meaning of agricultural goods, Classification, Characteristics of agricultural goods, meaning of agricultural marketing, Special Problems in the Marketing of Agricultural Goods. Channels of distribution, Factors affecting channels of distribution, Wholesale Market, Local market – Functions of the Local Market- Middlemen in the Local Market, Central Markets- Reasons for the growth of Central Markets- Functions of the Central Markets- Middlemen in the Central Markets, Jobbing Markets.

Indian economy is basically an agricultural economy. A substantial portion of India's national income comes from the agricultural sector. A vast majority of India's population is dependent on agriculture for its livelihood. Agriculture also provides employment opportunities to many, both directly and indirectly. Agricultural products are the life line and vital source of survival for the human kind.

Agricultural products are the result of the art of agriculture. In a narrow sense, agricultural products refer to the products arising out of cultivation, namely various crops, vegetables and fruits etc. In a broader sense, agricultural goods arise out of cultivation, dairy farming, poultry farming, pig farming etc. Thus eggs, butter, cheese, milk, meat etc are also the agricultural products.

CLASSIFICATION OF AGRICULTURAL GOODS:

The agricultural goods are classified as industrial goods and consumer goods.

'Industrial – Agricultural' goods are those used for further industrial processing e.g., tobacco, cotton, jute, eggs, butter used in bakeries, vegetable and fruits canned and pickled, wheat used by flour mills to grind them etc.

On the other hand, the **'Consumer – Agricultural'** goods are meant for direct use like all food grains, dairy products, poultry products, vegetables and fruits.

This classification is not rigid, as some of the agricultural goods become both consumer goods and industrial goods, depending upon the use to which they are put. For example, if fruits are consumed directly by the consumers, they become 'consumer goods' and if the same fruits are used in canning factory, they become 'industrial goods'.

Another best example is that of coconut. If used for home consumption, it becomes consumer good and if used for the production of oil, it becomes industrial good.

The production and marketing of agricultural goods possess certain problems for the producers. This is mainly because the agricultural goods possess certain peculiar characteristics.

CHARACTERISTICS OF AGRICULTURAL GOODS:

1. Agricultural goods are quickly perishable.
 2. These are bulky in nature.
 3. It is difficult to control both quality and quantity of output.
 4. Product differentiation is not possible.
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