

Agricultural Marketing Strategies and Buyer - Seller Issues in Telangana State : A Study

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Abstract: Agriculture plays a significant role in India's story since, as an economic sector, it employs the largest number of people. As the marketable surplus of a farmer increases, a strong and transparent agricultural marketing system is imperative for ensuring remunerative returns to the farmers. It needs to be reiterated that without liberalizing the present marketing scenario, farmers are implausible to benefit from the growing consumer preference. The agriculture sector of India is passing through a dynamic phase in the recent era of development. It provides 65% of employment opportunities for the working population of India. Since post-independence period, this paper tries to reveal the present trend of agriculture marketing system in Telangana State, Buyer-Sellers problems in marketing strategies and its future prospects. The suggestions were given for the growth and productivity of this sector.

Key words: agriculture marketing, Buyer-Sellers problems.

1. INTRODUCTION:

The Indian population currently stands at 1.3 billion and is estimated to rise to 1.7 billion by 2050. India is the second most populous country after China in the world. According to United Nations statistics, India will surpass China to become the world's most populous country by 2022. With the economic growth in absolute terms, Indian economy is likely to reach US\$ 10 trillion by 2030 making India 3rd largest economy after China and US. Today, more than 34% of India's population lives in cities and accounts for 60% of consumption which leads to a change in dietary needs of country. India being an agrarian country, more than 54% of population is engaged in agriculture and allied activities and accounted for INR 17.67 trillion (USD 274 billion) in 2018 i.e. 17.4% of gross value added to GDP. India is the 2nd largest food grain producer in the world after China. Food grain production has grown at CAGR 2.8% between FY15-19 with 281.4 Million tonnes of food grain produced in FY19 with cereals making up 91% of the production and rest being pulses.¹

Agricultural marketing has been defined by the National Commission on Farmers as "a process which starts with a decision to produce a saleable farm 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 viz. assembling, grading, storage, transportation and distribution." In an expansive manner, this definition conveys the crux that the farmers goods reach the end consumer – either an individual or an organization such as a processor or exporter. Agricultural marketing differs from conventionally known meaning of marketing which implies meeting the consumers demands or expectations. Since the major output of agricultural marketing is food, and food being a basic, life-sustaining necessity and a human right, ensuring the supply of food becomes an important part of the mandate of governments across the world. Hence, in most countries, the public sector has been involved in food management – either by creating markets for farm produce, directly procuring farm produce for subsequent supply and distribution, or in imports and exports of food and food products. Governments have played an active role in supporting agricultural research and extension to raise yields and production, besides a prominent role in accessibility of food to all kinds of consumers at affordable prices.²

Marketing has to be customer-oriented and has to provide the farmer, transporter, trader, processor, etc. with a profit. This requires those involved in marketing chains to understand buyer requirements, both in terms of product and business conditions. The structure of agricultural marketing in Telangana has been broadly conforms to the all India pattern. The deficiencies in the present Indian agricultural marketing structure are lack of organisation among the farmers, sale of produce by farmers at critical time and terms and also the role of middlemen and their exploitation,

¹ Role of Agrochemicals in Sustainable Farming, A report on Indian Agricultural Industry, FICCI, July 2019,

² Agriculture Marketing, A report Federation of Indian Chamber of Commerce and Industry-2017

existence of unregulated markets, payment of heavy market charges, lack of proper grading facilities, storage facilities and supply of accurate information of the present and future of price trends have been associated with the agricultural marketing system of India.

The present paper has focus on the following aspects.

- To understand the need of agriculture market in India.
- To study the agriculture market and buyer- seller problems in Telangana.
- To analyze the challenges of agriculture marketing areas in Telangana.
- To identify the gap in the contexts marketing prospects and make suggestion to improve the same.

2. STATUS OF AGRICULTURE MARKET IN INDIA

There are number of challenges involved in marketing of agricultural produce in India. There is limited access to the market information, literacy level among the farmers is low, multiple channels of distribution that eats away the pockets of both farmers and consumers. The government funding of farmers is still at emerging 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 technology have improved but 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 produce. The farmers have to face so many hardships and have to overcome several hurdles to get fair and just price for their sweat. The basic driver of agricultural marketing is marketable or marketed surplus. As the marketable surplus of a farmer increases, the need to have efficient markets and marketing systems becomes important. The marketable surplus of agriculture in India has shown a healthy, growing trend. From being a subsistence enterprise in the pre-Green Revolution period to market-oriented, commercial production, Indian agricultural production has covered a great gap, leading to self-sufficiency as well as export capacity in most crops.

Stages of Functional Growth of Market

Stages of Functional Growth of Market	Market Nomenclature
FIRST STAGE	General Markets
SECOND STAGE	Specialized Markets
THIRD STAGE	Sample-Based Deals
FOURTH STAGE	Grade-Based Deals

Source: Acharya, S. S., & Agarwal, N. L. (2011). *Agricultural Marketing in India (5Th)*. New Delhi: Oxford & IBH Publishing Company Pvt. Ltd.

Indian agricultural marketing has moved from the first stage and may now be considered to be at the cusp of third and fourth stages. The local “haats” and periodic markets in villages continue to exist today and represent the first stage of a functional agricultural market. They were general in nature, and often sold non-agricultural items too. The second stage markets emerged in the Agricultural Produce Marketing Committee (APMC) era. They functioned as a place of aggregation for a particular commodity of local production importance. It may also be taken into account that these markets traded huge quantities of the mentioned commodities, besides various other commodities of relatively minor importance in that region. As the quantities being traded increased, buyers started testing samples since each tradable lot had increased in quantity. This is the present state of agricultural marketing system in India, and there is a rising need to have grades and trade based on grades. Different grading systems were followed in the past by different agencies such as BIS, AGMARK, FCI and CODEX ALIMENTARIUS. The multiplicity of grades and difficulty in adhering to them with limited grading infrastructure restricts trade based on grades. Hence it may be concluded that Indian agricultural marketing system is at the cusp of functional stages three and four.³

³Acharya, S. S., & Agarwal, N. L. (2011). *Agricultural Marketing in India (5Th)*. NewDelhi: Oxford & IBH Publishing Company Pvt. Ltd.

3. Regulatory Reforms in Agricultural Marketing:

A set of conditions such as changing nature of agricultural production, rising price spread, food inflation, non-remunerative returns to the farmer, seemingly outdated agriculture marketing practices and advent of technology created and supported the necessity of reforms in agricultural marketing.

The Model APMC Act, 2003.

The Ministry of Agriculture, Government of India proposed a Model APMC Act in 2003 based on the recommendations of an inter-ministerial task force. The Model APMC Act proposed modifications to various provisions in the existing laws with an objective of encouraging competition by welcoming the cooperative and private sector to set up wholesale markets. According to the Economic Survey of 2014-15, the Model APMC Act of 2003 has provisions for:

- (1) Direct sale of farm produce to the sponsors of contract farming.
- (2) Establishment of special markets for specified agricultural commodities such as perishables.
- (3) Establishment of new markets for agricultural produce by farmers, consumers, or private persons in any area.
- (4) Registration of market functionaries instead of licensing, which facilitates them to operate in the entire state.
- (5) Single levy of market fee in the entire notified area.
- (6) Establishment of producers' or consumers' markets to facilitate direct sale and purchase of agricultural produce.
- (7) Investment of revenue earned by APMC for market infrastructure. Several studies found that the response to the implementation of the model APMC Act was not very enthusiastic. A few States adopted the recommendations, while other States only amended the rules.

Agricultural Produce and Livestock Marketing (Promotion & Facilitation) Act, 2017

Agricultural marketing across the country was required to over all the marketing system. Certain developments such as the electronic National Agricultural Market (eNAM) required uniformity of regulations across States. Therefore, Directorate of Marketing and Inspection, Dept. of Agriculture, Cooperation & Farmers Welfare, Ministry of Agriculture & Farmers Welfare (MoAFW) came up with a Model State/UT Agricultural Produce and Livestock Marketing (Promotion & Facilitation) Act, 2017. Some of the important provisions of the draft model Act are as below:

- (1) The entire State would be treated as a single market, doing away with the earlier notified area for an APMC
- (2) The Market Committee and State Agricultural Marketing Board would be fully democratized
- (3) Enhancing competition for the farmers produce by providing conditions for creation of private wholesale markets and farmer-consumer market yards
- (4) Reducing price spread by enabling direct contact between farmers and consumers or other end-user categories such as processors, exporters and so on
- (5) Freedom to the farmer to sell his produce to any person or agency at any place of his choice which may fetch him better returns
- (6) Declaration of warehouses, silos and other storage structures as markets or sub-market yards to enable direct linkage between the farmer and the buyer
- (7) Promoting e-trading to link markets across geographies and make trade process transparent
- (8) Single-point levy of market fee and single trading license across the State
- (9) Create conducive conditions such as inter-state trading license, grading, standardization, and quality certification for promoting a nation-wide, single agricultural market Besides the above points, certain features of the Model APMC Act of 2003 have also been retained in the new draft model Act, such as provisions for special commodity market yard, rationalization of market fees and commission charges, etc.

4. STATUS OF AGRICULTURE MARKET IN TELANGANA:

The A.P.(Agricultural Produce and Livestock) Markets Act,1966 Markets Rules were framed under this Act called the A.P.(Agricultural Produce and Livestock)Markets Rules,1969 with Bye-laws for each Market Committee in the State. On creation of separate state of Telangana, the said Act is enacted as Telangana (AP&LS) Markets Act. The objective of the Markets Act is to protect the interests of farmers in the sale of agricultural produce and to ensure remunerative price to the man to protect them from the clutches of unscrupulous traders. There are 189 Agricultural Market Committees in the State consisting of 177 main yards and 94 sub-yards. In these 189 Agricultural Market Committees, Functional markets are 64, Seasonal markets are 16, Cattle markets are 19, Check Post are 264 and Rythu Bazars 27. The total land owned by the Market Committees is 2574 Acres.. The number of Godowns constructed is 640 with a capacity of 6.19LakhMTs.The main objective of the Act is to regulate the purchase and sale of Agricultural

Commodities. At present the state serviced by Network of 189 Market Committees in the state. Apart from the Principle Market Yards, there are 94 Sub Yards and these AMCs are classified in terms of Market Fee Collected. Selection Grade Secretary, Special Grade Secretary, Grade-I, Grade-II, Grade-III, and Asst. Secretary.⁴

5. ISSUES OF BUYER- SELLER IN AGRICULTURE MARKET:

Agricultural marketing is mainly the buying and selling of agricultural products. In earlier days when the village economy was more or less self-sufficient the marketing of agricultural products presented no difficulty as the farmer sold his produce to the consumer on a cash or barter basis. Selling of any agricultural produce depends on couple of factors like the demand of the product at that time, availability of storage etc. Moreover, Sometime processing is done because consumers want it, or sometimes to conserve the quality of that product.

They are as follows:

- Agricultural prices can be quite variable, impacted by changes in weather and harvests in far corners of the world.
- Farmers seek higher prices for their produce, and protection from price fluctuations. They may also work to open up new markets or channels, such as selling directly to consumers instead of through producers. The farmer's interest is focused on getting the best return from his produce, which usually equates to maximum price for unlimited quantities. Consumers are interested in obtaining high quality products at low prices. Clearly, there are conflicting interests here.

Functions of Agriculture Marketing:

- Exchange Functions: Buying, Selling, Storage,
- Physical Functions: Transportation, Processing, Standardization
- Facilitating Functions: Financing, Risk Bearing, Market Intelligence

These agriculture marketing functions performed by farmers, traders, retailers, consumers and manufacturer that rises importance of effective agriculture marketing system in India.

Grading and Standardisation: The Agricultural Produce (Grading and Marking) Act, 1937 empowers the central government to fix quality standards, known as AGMARK standards, and, to prescribe terms and conditions for using the seal of AGMARK. So far, grade standards have been notified for 181 agricultural and allied commodities. The purity standards under the provision of the PFA Act and the Bureau of Indian Standards (BIS) Act, 1986, are invariably taken into consideration while framing the grade standards.

Quality: To build a profitable business, food manufacturers seek to establish a preference for their products by differentiating those products in some way which is meaningful to consumers.

Non-seasonality: Agricultural products are traditionally seasonal in their production and supply.

Reliability: A manufacturer who has invested heavily in building up his brand will be very keen to get reliable supplies in terms of quality, timing and cost.

Processing: Ease of processing will become an increasingly important expectation of the food industry. Like all industries, reductions in the costs of capital equipment, wages and inventories are important objectives. Therefore agriculture marketing system is in a way dependent on quality, cost, and processing requirement of agriculture produce.

6. CONCLUSION:

The Agriculture marketing in Telangana state, the agricultural products like Rice, Maize and Cotton are the important crops that occupy more than 68% of the total gross cropped area. Buyer- sellers are facing problems grading system, transportation facilities and lack of global knowledge market price for their products. The cereal crops also. Though the emphasis in the state continues to be on production of food grains, there is a desirable shift in the cropping pattern from food ton on food crops in the state. The average productivity of major crops of the state is quite high as compared to the national average except for cotton. The food grants are playing an important role in the agricultural production of Telangana state.

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