SUMMARY CHAPTER No. 8

AGRICULTURAL MARKETING

Agricultural marketing comprises of all the operations involved in the movement of food and raw materials from the place of production to the place of consumption. It includes handling of products at the farm, initial processing, grading and packing in order to maintain and enhance the quality and avoid wastage.

FEATURES OF AGRICULTURAL COMMODITIES: **1. small and scattered production:** In case of small farmers production is very small; he can not influence the market supply or the price of his produce.**2. Seasonal:** During the harvesting season, the prices of the commodities come down in the market. **3. Bulky and perishable products:** Most farm products are perishable in nature. With proper storage facilities they can be stored for a longer time. Due to bulkiness of the farm products, transportation and storage becomes difficult and expensive. **4. Variation in quality and quantity:** The production depends upon environmental factors like rainfall and pest incidence. Therefore the products vary in quality and quantity.**5. Demand:** The products are essential commodities; hence price changes do not bring great changes in demand.
6. Unorganized Market: The markets are unorganized, unregulated and subject to manipulation by middle man.**7. Production –oriented Activity**: The farmer is concerned only with production and does not have sufficient finance, knowledge and expertise for marketing of the produce.

MARKETED AND MARKETABLE SURPLUS:
One of the important objectives of agricultural marketing is to ensure that the surplus agricultural produce is brought from villages and moved to urban areas for human and industrial consumption. **1. Marketable surplus:** The farmer keeps some quantity of the output to meet his requirements for family consumption, seeds, cattle feed, payment to artisan and landlords as rent and other payments. Balance quantity is made available to non-farm population. **2. Marketed Surplus:** The quantity of farm produce actually sold irrespective of his requirements for family, farm needs and other requirements. Marketed surplus is more than marketable surplus when the farmer retains less than his actual requirements for family and farm needs. Marketed surplus is less than marketable surplus when the farmer retains some of the surplus produce. And marketed surplus is equal to marketable surplus when the farmer retains neither more nor less than his requirements.

FACTORS AFFECTING MARKETABLE SURPLUS: **1.** Intensity of cultivation. **2.** Consumption Habits **3.** Cash requirements of farmers affect marketable surplus **4.** Size of the farm **5.** Nature of Crops grown **6.** Size of the family will have an impact on the marketable surplus.

BASIS FOR CLASSIFICATION OF MARKETS **: (1) Frequency of holding:** Daily, weekly and Bi-Weekly markets. **(2) Time span:** Short period markets are held mostly for

highly perishable commodities like milk and fish and long period markets food grains, oilseeds etc. **3. Volume of business. (a)** Wholesale market: Commodities are brought and sold in bulk quantities. Generally the transaction takes place between traders. **(b)** Retail markets: Here the commodities are sold to the consumers **4. Commodities traded:** The markets could be classified depending upon the type of agricultural commodities traded.**5. Types of marketing functions** i.e. assembling, processing, and distribution
6. On the basis of the area coverage: Village market, District level market, State / National level, World market.

We can classify the agricultural markets into Primary Markets, Secondary Markets and Terminal Markets.
Primary wholesale markets: These are weekly markets and production from the surrounding villages is sold in these markets. They are called Haats or Shandies. The basic function is to serve as assembling centers for local produce but they also function as distribution centers for local consumption. **Secondary Wholesale Market:** These are popularly known as Mandis or Gunjs and are located at taluka, district town; main centers are near railway junctions. Transaction takes place between village merchants and wholesalers. **Terminal markets:** Here the commodities are finally disposed off to the consumers or to the processor or assembled for exports. **Seaboard Markets:** These markets are situated near seashore and are meant for import and export of goods.

METHODS OF SALE AND MARKETING AGENCIES: **1. Moghum Sale:** Some times the cultivator borrows from traders before the harvest of the crop. Under this method the cultivator is bound to deliver the produce to the buyer on a set date within a period of prescribed by a verbal understanding between the two. In turn the buyer is supposed to pay the price ruling on the delivery day. **2. Hatta Sale (Undercover):** The dalal fixes the price of the produce on behalf of the farmer. Under this system the commission agent covers his hand with a kerchief and invites offering from each buyer. The buyers make this offer in a secret language. **3. Sale by open agreement:** whenever the grower deals with the buyer to enter into transaction with him, a sale with an open agreement is said to have been made.**4. Sale by open Auction:** Under this system the produce is sold by the general commission agent or the broker in the presence of the seller or his agent and the competing traders.

OPEN AUCTIONS IN AGRICULTURAL COMMODITIES :
1. Phar system of open auction: Under this system, one bid is given for all the lots in a particular shop and all the lots are sold at that price.**2. Random bid system:** Here the commission agent invites only a few buyers this leads to less competition in the market place, and bidding may continue in several places to reduce competition. **3. Roster bid system:** Here the bidding starts from the point as notified earlier to all the prospective buyers, After completing auction in one shop, the bidding party moves to the other shop in a clock wise or anti clock wise direction and completes the auction **4. Private negotiation:** Here the price is fixed between the buyer and the seller by mutual agreement. **5. Sale by tender system:** Under this system the produce is arranged lot wise and is open for inspection by the intending buyers. The time is fixed for the submission of the tenders. The maximum price quoted is announced on the public address system. If

the seller is not willing to sell at the quoted price, he has to inform to the market secretary within a predefined and stipulated time.. **6. Dara Sales:** In this system, the heaps of grains of different quantity / quality are sold at a flat price. **7. State Trading:** Govt. purchases huge quantities of paddy and wheat for distribution. While the procurement price is fixed, the actual price is paid depending the quality of the produce.**8. Forward Sale:** Under this system the producer-sells his anticipated future produce in advance to the trader directly at a price fixed at the time of striking the deal. This is an oral contract.**9. Jalap Sale:** Here the traders purchase the standing crop of the producer well in advance **10. Sale by Sample:** The producer or the commission agent shows the sample to the trader and finalizes the price.

CHANNELS OF DISTRIBUTION FOR PADDY/RICE, WHEAT AND COTTON : Important channels of distribution of agricultural produce are as **1.**Producer-consumer.**2.** .Producer-villageshopkeeper-wholesaler-retailer-consumer.**3.**Producer-itinerant merchant -wholesaler-consumer. **4.** Producer-primary wholesaler-secondary wholesaler-retailer-consumer.

PRIMARY MARKETING FUNCTIONS: 1. Assembling: A trader collects the goods lying at different places from different farmers and then brings the goods as a central place for the purpose of selling. **2. Processing:** Activities to convert raw materials and bring the product nearer to human consumption. It involves change in the form of the commodity.**3. Distribution:** After assembling and processing, the farm produce is taken to the market for consumption. This involves storage, change of ownership of the produce and physical movement of the stocks.

SECONDARY MARKETING FUNCTIONS: **1.** Standardization and grading: It involves fixing certain norms for the products. Grading follows standardization and refers to classification of produce based by standards.**2. Packaging:** Objective is to preserve the quality and quantity of the produce during storage and transportation **3. Transportation:** It involves moving of produce from the place of production to the place of consumption. **4. Storage:** While agricultural production is seasonal, the consumption takes place throughout the year; hence the produce has got to be stored.**5. Financing:** Credit and money have got to be made available to meet the cost of selling the produce to the final consumer. **6. Selling:** It involves identification of different categories of customers, understanding their needs and wants and supplying the produce and collecting money for the produce sold.

AGRICULTURAL MARKETING AGENCIES: 1. Village level: (a) Landlords **(b)** Village Beoparis (**c)** Mobile Beoparis **2.Mandi Level :(a)** Kachcha Arhatias **(b)** Pucca Arhatias (**c)** Dalals.