

AGRICULTURAL MARKETING EXTENSION SERVICES IN A CHANGING SCENARIO

Vikram Singh and J.P.Singh

India has now entered a new era of globalization and economic liberalization. The possibilities of increased trade in the global markets demand that the country becomes efficient, competitive and innovative both in production and marketing. Opportunities thrown open by the globalization process should be fully exploited by concerted action by all those engaged in the production, marketing and trade in agricultural commodities. Agricultural marketing has been receiving a lower priority than production. There is a tendency to be preoccupied with increasing production without a matching concern to improve and strengthen marketing. The government's investment in agricultural marketing has been an insignificant proportion of the total investment in agriculture and allied sectors at the centre and state levels. Rapid urbanization, globalization and liberalization, leading to greater competitiveness and the problem of adjusting agriculture with the economy and increasing specialization of production in agriculture and government intervention have added new dimensions to agricultural marketing.

The Complexities

In this new scenario, developing agricultural marketing has become more complex on account of the characteristics of agricultural production, farm products and consumers.

Existing Market Structure

The existing Indian agricultural markets may be classified into four categories namely, co-operative structure, the regulated markets, public trading, and private trading. The question is whether the existing marketing structure and system and the recent development in agricultural marketing can cope up with the increased stress and strain. How far is it possible to assure fair prices

to farmers, stabilization of agricultural prices, minimization of exploitation of the growers by the market intermediates and maintaining a continuous flow of goods to the consumers at acceptable prices? The lacuna revealed in the operations of the existing marketing structure and system need to be corrected.

Co-operatives

At present there are about 2,933 general purpose primary marketing societies, 191 district level marketing societies, 29 state co-operative marketing federations, 16 state commodity marketing federations besides National Agricultural Co-operative Marketing Federations (NAFED) and National Co-operative Development Corporation (NCDC).

Regulated Market

The agricultural produce markets were brought under regulation basically to facilitate the smooth and efficient marketing of farm produce and to protect the interests of producer farmers. The total number of these markets has increased from 236 in April 1951 to 6,963 in April, 1999.

Public Sector Trading

The main public sector agencies engaged in procurement of food grains are the food Corporation of India and the Civil Supplies Departments of various state governments. For the procurement of non- food grains, the main agencies are Cotton corporation of India and Jute Corporation of India.

Marketing Infrastructure

Between 1950-2000, the length of surface roads went up from 1.6 lakh km to 12.0 lakh km. The number of goods carriers went up from 0.8 lakh to 18.0 lakhs, the route length of electrified railways increased from 0.4 lakh km to 12.3 lakh km and the haulage of goods by railways went up from 44 billion tons km to 273.7 billion tons km. The increase in telephones, telegrams and postal facilities has been even sharper both in terms of quantity and quality. However, the marketing infrastructure in several areas of eastern

Uttar Pradesh, Bihar, Orissa, West Bengal, Assam and parts of Madhya Pradesh and Rajasthan continues to be weak.

Transportation

Rail transport, which is relatively cheaper assumes importance as bulk movement of food grains and other farm products has to be organised from the surplus areas to the deficit areas over long distances. Although Indian railways has made progress in route length, modernisation of technology and traffic hauled, there is still a shortage of wagon capacity, slow movement and a high degree of congestion on trunk routes, resulting in quantitative and qualitative losses.

Storage

The main public agencies responsible for building storage capacities are the Food Corporation of India (FCI), the Central Warehousing Corporation (CWC) and the State Warehousing Corporations (SWCs). The total storage capacity in India with FCI, CWC and SWCs as on 1.1.93 was 12 million tons, 6.6 million tons and 9.2 million tons, respectively other than the 2 million tons Covered and Plinth (CAP). Cold storages have also come up in the private and cooperative sectors. In the year 1995-96, 3,253 cold storages with 8.73 million tons capacity have been developed.

Processing

In perishables, there is a huge post-harvest loss of fruits and vegetables (about 30 per cent) valued at over Rs.2,000 crores every year. Only about 1.3 per cent is being processed as compared to about 40-60 per cent in advanced countries.

Grading

Grading of commodities is done under the Agricultural Produce (Grading and Marketing) Act. 1937. Grading is being undertaken at the trader's levels for internal as well as for global distribution. Volume of agricultural commodities traded in graded forms is still less than 5 percent of the total agricultural output marketed in the country.

Emerging Strategy – New Dimensions

In the existing new economic environment, the process of commercialization of agriculture is likely to get further momentum. As production technology and post-harvest technology change, there has to be a consequential change in marketing technology too. The agricultural production base is getting diversified and apart from food grains and commercial crops, horticulture is emerging as an important component. Production of fruits, vegetables and flowers is assuming increasing importance in the production system. The strategy for evolving / amending agricultural marketing policy must emphasize the following aspects.

Marketing Extension

In many states, extension service systems are under severe strain and though substantial public funding goes into extension, the results are not commensurate with the investment. The present extension services need to be revamped on the following lines.

Marketing of Education Programme

Providing education to farmers about basic dimensions of agricultural marketing is the need of the hour. Farmers should maintain the pace and tempo of economic development with fast changing technology, economic reforms, consumer awareness and new export import policies for agricultural commodities. Farmers lack necessary skills and competence to undertake schematic marketing of agricultural commodities and protect themselves from the trade abuses wide spread in the system.

HRD in Agriculture Marketing

Extensive and intensive training programme must be imparted to all levels of officers in the SAMB and other sectors like cooperatives and private traders by the organizations engaged in this field.

Consumer preferences

The farmers need to be exposed to the actual needs of consumer and prepare themselves for producing such products in a desirable form. Consumers have a differential pattern of purchasing behaviour and a preferential choice in food items.

Market Extension Services

Marketing extension services to the farmers should be provided to the organisation concerned to promote effective marketing of agricultural products in regulated markets. The services of marketing extension should relate to the motivation for demand driven production, comparative advantages of the existing marketing channels, functional merits of marketing system and price advantages.

Infrastructure challenges

Different ways and means have to be evolved for ensuring the proper utilization of infrastructure facilities already created in a number of market yards, villages etc. The farmers handles make use of the existing warehouses, grading laboratories, rural godowns etc. Market yards dealing with fruits and vegetables should be well equipped with all the necessary infrastructure such as grading, packaging weighing and storage Vertical integration and co-ordination of market chain in making provision of various infrastructure facilities also needs emphasis.

Storage and Preservation of Produce

As a result of increase in marketed surplus and retention capacity of the farmers, there is an immediate need to enhance the storage facilities, specially the rural godowns. The establishment of cold storage to cope with increasing market arrivals of perishable horticultural products must receive adequate attention. In case of export of commodities like flowers and fruits, the complete cool chain comprising pre-cooling, grading, packing, cold storage and refrigerated vans have become essential elements in the modern marketing scenario.

Post - Harvest Losses

A team approach is needed to, identify the commodity specific post-harvest management practices, and to estimate post-harvest losses for perishable commodities.

Promoting Processing

Processing of agricultural commodities, especially perishable products has failed to draw the attention of our producers. According to an estimate in case of fruits and vegetables, only one per cent of the production is processed in India as against 83 per cent in Malaysia, 78 per cent in Philippines and 70 per cent in Brazil. The existing export oriented market scenario indicates fixing a very high priority for processing of agricultural products. Priorities for the development of processing units ought to be commodity specific and location specific. Community / small scale processing is to be encouraged to provide better returns to the growers of perishables. Promoting processing of flowers, perishable, medicinal and aromatic plants needs to be emphasized. Multi-product processing complexes should be encouraged for perishable commodities. While undertaking processing of perishables, due emphasis should be given to sanitary and phyto-sanitary conditions.

Grading and Packing

Grading not only facilitates transport storage and processing, but also protects the produce from exploitation, instills confidence in the consumers and ensures the quality of the products. Quality control and maintenance of proper grade of commodities is now an integral part of modern marketing, specially exports.

Cyber Technology in disseminating market intelligence

Information Technology can play a key role in dissemination of information to the farmers regarding prices and other related information on different commodities in the domestic and international market. Market intelligence is a crucial input for planning market operations. The choice of market and time schedule can be planned for realizing the best possible returns if proper reliable and timely information is available to the farmers.

To sum up

The trend of agricultural production in our country is likely to generate sufficient marketed surplus for domestic consumption as well as exports.

The scope for exports of agricultural commodities is likely to expand in the changing world trade environment. If the country is to take full benefits of the expanding domestic and external markets, there is an urgent need to modify the existing marketing policy, and agriculture extension education has a greater role to play. Besides providing information and training in production technologies, education on important aspects of marketing such as grading and standardization, storage, processing, market information and intelligence and pricing of farm products should get due attention in the programmes of farmers training.

What the Marketing Extension Envisages

- ▶ **Advise on product planning** - Even for small farmers, the concept of product planning i.e. the careful selection of the crops and varieties to be grown with market ability in mind, is an important starting point.
- ▶ **Marketing information** - The farmers need information on two aspects of marketing viz., current price and market arrival information and forecasting of market trends.
- ▶ The information should be area specific, crop specific, buyer specific etc.
- ▶ There is a need that every agricultural market should have an extension cell equipped with internet and other audio-video facilities necessary to educate farmers in various aspects of marketing functions and services.
- ▶ **Securing markets for farmers** - For grains to be sold to the government procurement agencies, extension workers can advise on how, when and at what price to sell the designated food grains to the government agencies.
- ▶ For cash crops, farmers need assistance in making contract marketing arrangements with processors, wholesale traders or other bulk buyers.

- ▶ **Advise on alternate marketing** - To avoid 'gluts' in the small local markets, farmers can be advised to take benefit of warehousing with pledge finance schemes, entering into forward contracts or go in for futures trading.
- ▶ **Advise on improve marketing practices** – Farmers need education on improved harvesting methods, standardization and grading, improved packing and handling practices, appropriate shoring methods etc for profitable marketing of the produce.
- ▶ **Advise on establishing and operating markets** – to establish and operate markets to save themselves from exploitative elements.
- ▶ Operating within the framework of marketing rules and regulations, the rural population will be able to protect their interests better when they visit distant wholesale or terminal markets.