

## AGRICULTURAL MARKETING EXTENSION : ISSUES IN THE ERA OF GLOBALIZATION

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India is basically an agriculture country and agriculture employs about 62 percent of the population. The contribution of agriculture to GDP of the country is more than 24 percent. Likewise it accounts for more than 13 percent of Indian export. The Indian farmers are subjected to the vagaries of nature as well as to the market fluctuation to a great extent. When the market is upbeat with very high price offers for certain products, the farmers wherever possible switch on to that crop and by the time the crop is ready, the prices come down so sharply creating utter glut in the market. In spite of the support price guaranteed by the Government, the farmers are left with no other alternative, but to sell at the available prices. This is the case with both food crops and cash crops.

With the opening of the market under the W.T.O. agreement, the farm products have become more volatile and the farming community is at crossroads wondering how to face the future shocks in the market. The market is already witnessing arrival of horticultural products and other food items from other countries.

In India, although at village and farm level agricultural production extension services exist but marketing extension work designed to benefit farmers and other market functionaries does not exist. Overwhelming number of States do not have even separate marketing extension cell to undertake regular extension activities. In the absence of emphasis on marketing extension, technology transfer in the field of agricultural marketing has been sluggish.

As the days of the mass production and mass marketing are now being replaced by customer based or market driven strategies, an effective marketing extension service is need of the hour. This has added significance in the light of post WTO scenario. If the Indian farmers have to withstand the possible onslaught of international competitors both in domestic as well as overseas markets the marketing extension would be an effective instrument to safeguard farmers interest through proper education and guidance on regular basis. The marketing extension service to assist small and marginal farmers in solving the problems faced in marketing their produce is, therefore, a sine-qua-non in the free trade environment.

### **The Agricultural Marketing Extension Envisages :**

**(i) 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.

**(ii) Marketing Information**—The farmers need information on two aspects of marketing, viz., current price and market arrival information and forecasting of market trends. This information has also to be supplemented with other information about reaching a particular market to get the particular price, arrangements available in the market related to storage, transactional methods, quality requirements, post-harvest handling requirements, etc.

**(iii) Securing Markets for Farmers**—The



extension agency can advise farmers in several ways. For grains to be sold to the government procurement agencies, the 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.

**(iv) Advise on Alternate Marketing**—In order 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 future trading.

**(v) Advise on Improved Marketing Practices**—Farmers need education on improved harvesting methods, standardization and grading, improved packing and handling practices, appropriate storing methods, etc. for profitable marketing of his produce.

**(vi) Advise on Establishing and Operating Markets**—Marketing extension should help rural population to establish and operate markets on their own to save from exploitative elements.

**Role of Agricultural Marketing Extension**—For efficient disposal/marketing of agricultural produce, the farmers need guidance regarding :

- What to produce
- How much to produce
- When to produce
- When to sell
- Where to sell
- In what form to sell
- At what price to sell

There is no tailor made solution to these problems. Every question has to be answered taking account of market demand-supply, scenario, cost of production, storage facilities and several other personal and situational factors by using participatory methods. The decisions regarding marketing of agricultural produce may vary from place to place,

demand pressure, supply pressure, financial pressure, family pressure and variety of other reasons.

**Extension Issues in Informal Marketing**—Informal marketing may be described as marketing transactions without any formal terms and conditions between farmers-sellers and traders-buyers. Small sized holdings coupled with smaller marketed surpluses in our country have made “informal marketing” as most common method of marketing of agricultural produce in producing areas. A whole set of constraints which prevents farmers participation in organized marketing system constitute extension issues in informal marketing. It includes (i) Advise on product planning (ii) Securing market for farmers (iii) Group action (iv) Direct marketing (v) Marketing credit (vi) Marketing information (vii) Advice on improved market practices (viii) Processing and value addition (ix) Problem solving methods (x) Marketing capacity building essential.

**Extension Issues in Cooperative Marketing**—Cooperative marketing is composed of two words-Cooperative or Cooperation and Marketing. If the word Cooperation is split up, one finds that it is composed of two Latin words-“Co” and “Opus”. The word “Co” means to work and “Opus” means together. Cooperation thus means working together or jointly. In simple words, the cooperation can be defined as a form of association of people to work together in order to achieve a particular end.

The word marketing is derived from a Latin word Marketus that means to trade. Marketing, in this sense means the act or technique of buying and selling. Marketing in the modern sense connotes all business activities involved in the flow of goods and services from the point of production until they are in the hands of the consumers.

Cooperative Marketing is an extension of the principles of cooperation in the field of



marketing. It is a process of marketing through a cooperative association formed voluntarily by its members to perform one or more marketing functions in respect of their produce. In other words Cooperative Marketing is the marketing for the producers and by the producers that aims at eliminating the chain of middlemen operating between the producers and the ultimate consumer and thus securing the maximum price for their produce.

Extension Issues of Cooperative marketing are (i) Marketing Information System (ii) Grading and Standardization (iii) Credit Facility (iv) Processing and Cool Chains (v) Coops Role in Inputs Supply.

### **International Agricultural Trading-Extension Issues and Strategies in Agricultural Marketing :**

A SWOT Analysis of Agriculture Sector for International Trade : To come up with extension strategies to make Indian agriculture internationally competitive we should know our strength and weaknesses. To achieve this, in this paper SWOT analysis was used as the main tool.

#### **Strengths :**

The main strength of our agriculture sector to compete in the international markets are (i) Varied and diversified agro-climate base (ii) India is a leading producer in some commodities (iii) Cheap and abundant labour and (iv) Huge scientific and technical manpower.

#### **Weaknesses :**

- Lack of good quality produce suitable for exports
- Lack of infrastructural facilities like pre-cooling chambers/cold storage units at production centres
- Too many marketing intermediaries resulting in less returns to the producers
- High taxes/transport costs
- Inefficient domestic marketing resulting in huge post-harvest losses

- Lack of good and cheap packing material
- Lack of awareness among the farmers regarding the benefits of grading, cold storage, proper packing, etc.
- Lack of grading and sorting facilities in market yards
- Lack of information on buyer specification with respect to importing countries

#### **Opportunities :**

With more awareness and demand in developed countries on nutritional foods and organic foods, a vast scope exists for our exports. The signing of GATT and WTO also provides good access to international market.

#### **Threat :**

Other developing countries and developed countries are also posing a stiff competition to us. For example, Sri Lanka in the case of tea, Brazil in the case of cashew, Pakistan, Mexico, etc. in the case of mangoes, Chile in case of grapes. These countries are also selling at lower prices compared to our country.

#### **Extension Strategies :**

The extension strategies devised should overcome our weakness and build the capacity of our cultivators to take a plunge in the international market and compete with other countries.

- Identifying the farmers/group of farmers interested in export of agricultural commodities.
- Creating quality consciousness among the farmers.
- Training in cost reduction strategies.
- Dissemination of the information about the financial and other assistance available under various government schemes
- Giving practical training to the farmers in grading and packing, storage and preservation aspect
- Creating sorting and grading facilities at village level and at assembling markets.
- Development and screening of video films showing different steps involved in preparing the produce for exports



- Creating awareness about the scope of export of different commodities
- Giving information through electronic mass media T.V. and internet
- Investment in infrastructure and value addition initiatives
- Formulation of enterprise based Self Help Groups (SHGs)

## CONCLUSION

Liberalization and Globalization are compelling Indian agriculture to shift its focus from being 'supply-driven' to 'market-driven'. Before the extension personnels are asked to help the farmers to reorient production and

marketing activities to adjust to trade, the extension personnels need to be well equipped in terms of trade information. For this purpose, the training of change agents in the area of agricultural trade and continuous flow of information to them about changes in trade scenario are essential. Globalization should be viewed as an opportunity and not as a threat. The famers should go for high quality products, not only for exports but, also for the domestic market. Simultaneously, the facilities for quality control, storage, packing material, transport services etc. will have to be created and extended to convert the WTO provisions in our favour.

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