ABSTRACT

Indian agriculture has transformed itself from traditional subsistence farming to that of market oriented commercial farming. In this context it is the marketing of output which plays a key role in the development of agriculture. Any commodity produced will be useless unless it is consumed. An efficient agricultural marketing system is a prerequisite for the development of agriculture sector. Today the main challenges faced by the Indian farmers are to market their produce profitably. Lack of marketing ability and strategy on the part of the producers to sell their own produce is becoming a curse to the farmers. It is estimated that nearly 50paisa out of the rupee is being reaching to the market middlemen especially in vegetables. In order to ensure reasonable price to the farmers and consumers a marketing system with minimum intermediaries needs to be established. The concept of farmers markets have been evolved to protect the producers from being exploited by the middlemen.

INTRODUCTION

Agriculture acts as a catalytic agent for economic development in any agricultural economy. The experience of developed countries is that it is the agricultural development in the initial stages till the take off stage that formed the foundation for the further growth. In India agriculture is the backbone of the economy. It contributes nearly 14.2% to the Gross Domestic Product with over 70million people depending on it for their livelihood. It has contributed for
industrialization through the establishment of agro based industries and food processing industries. Agriculture contributes more than 18% of the total foreign exchange earnings in India by exporting more than Rs.36,000 crores worth of various agricultural products.

Indian agriculture has transformed itself from traditional subsistence farming to that of market oriented commercial farming. In this context it is the marketing of output which plays a key role in the development of agriculture. Any commodity produced will be useless unless it is consumed. An efficient agricultural marketing system is a prerequisite for the development of agriculture sector.

EFFICIENT AGRICULTURAL MARKETING OR IDEAL MARKETING SHOULD POSSESS THE FOLLOWING CHARACTERISTICS

1. It should provide a wide variety of products to consumers so that they may easily choose for themselves.

2. It should provide commodities which the consumers want and are ready to pay for.

3. No harmful products should be offered for sale in the market.

4. Precautions should be taken to protect consumers.

5. The information on the presence of goods in the market and their relative merits should be available to all prospective consumers.

6. There should not be any sort of pressure on the consumers to buy products from a particular class of traders.

7. Prices should be fair and uniform for the products for all categories of consumers.

8. There should not be any inefficiency or wastage in the market.

9. The producer should be able to sell his surplus quickly and get a price which is consistent with the demand and supply situation.

10. The producer should get the maximum share in the consumer’s rupee.

11. The consumer gets the best quality product of his choice at a reasonable price.

An efficient marketing system can act as an agent of change and a means of raising the income of the farmers and satisfaction of the consumers. It can be harnessed to improve the quality of life of the masses. Hence policies to increase marketing efficiency need serious consideration.

Agricultural marketing in India is characterized by pervasive government intervention. State intervention in agricultural marketing is aimed at correcting perceived market failure. In
the current situation of agricultural surpluses market failure is occurring due to excessive state intervention.

Agricultural marketing has change significantly during the last six decades. The main reasons for this change are increased marketable surplus, increase in urbanization and income levels and consequent changes in the pattern of demand for marketing services, increase in linkages with distant and overseas markets and change in the form and degree of government intervention

SOME BASIC FEATURES OF THE SYSTEM AND ASSOCIATED PROBLEMS ARE

- The market size is already large and is continuously expanding. Farmers market linkage (both forward and backward) have also increased manifold. But the marketing system has not kept pace.

- Private trade which handles 80% of the market surplus has not invested in marketing infrastructure due to the excessive regulatory framework and dominance of the unorganized sector.

- Increased demand for value-added services and geographic expansion of markets demand lengthening of the marketing channel but this is hampered by lack of rural infrastructure.

- Direct marketing by farmers to consumers remains negligible. In the 27,294 rural periodic markets, where small and marginal farmers come to the markets, 85% lack facilities for efficient trade.

- For facilitating trade at the primary market level, 7161 market yards/sub-yards have been constructed but they are ill equipped.

- Food processing industry has a high income multiplier effect and employment potential. But in India the value addition to food production is only 7% mainly because of the multiplicity of food related-laws.

- Due to poor handling (cleaning, sorting, grading and packaging) at the farm gate or village level, about 7% of grains, 30% of fruits and vegetables and 10% of seed species are lost before reaching the market.

- An estimated Rs50, 000 crore are lost annually in the marketing chain due to poorly developed marketing infrastructure and excessive controls.

- State Agricultural Produce Markets Regulation (APMR) legislation hampers contract farming initiatives, which otherwise can be highly successful.

- Farmers shifting to higher value crops face increased risk of fluctuation in yield, price and income.
While agricultural price policy and associate instruments have induced farmers to adopt new technology and thereby increase physical and economic access to food they have reduced private sector initiative and created several other problems in the economy.

In the earlier the market system dominated by the private traders considered inefficient, the result was that the farming community suffered most in the hands of the intermediaries. The Royal Commission on Agriculture (1928) while stating various types of market disabilities stressed upon the government intervention in improving the agricultural marketing system in the country. One of the important aspects of government intervention suggested related to the establishment of regulated markets. As a result both the central and state governments have enacted a number of legislations for the regulation of markets rights from the Agricultural produce act 1937.

The marketing system i.e., regulated markets as it exists today has a large number of intermediaries, multiplicity of market charges, existence of malpractices, lack of reliable up to date market information, absence of grading and standardization of produce, less producer share etc.,

Today the main challenges faced by the Indian farmers are to market their produce profitably. Lack of marketing ability and strategy on the part of the producers to sell their own produce is becoming a curse to the farmers. It is estimated that nearly 50paisa out of the rupee is being reaching to the market middlemen especially in vegetables. In order ensure reasonable price to the farmers and consumers a marketing system with minimum intermediaries needs to be established. The concept of farmers markets have been evolved to protect the producers from being exploited by the middlemen.

ESTABLISHMENTS OF FARMERS MARKETS IN INDIA

The peculiar feature of agricultural produce results in a very complicated marketing system and in this process the farm producers are exploited. The rural credit survey undertaken by RBI in 1951 described the agricultural produce marketing system as inefficient and exploitative. A proper and efficient agricultural produce marketing system is imperative for the development of rural market for manufactured consumables, durables and services. Thus the primary marketing system requires attention with a view to improve it. In this line Regulated markets and co-operative marketing came into effect.

REGULATED MARKETS AND FORMATION OF CO-OPERATIVE MARKETING SOCIETIES

Rural markets were controlled by local bodies like panchayats or municipalities but did not have any control on the functionaries operating them. All the states have enacted an APMC act which has empowered the state to control these markets in several ways. These act provided for regulating the existing markets and also creating the new ones whenever necessary. Today all the states have either a state agricultural marketing board or department of agricultural marketing and control of these markets is vested with them.
Another major improvement for rural producers is the formation of co-operative marketing and processing societies. The farmers with common interest form co-operatives. So that some of the function performed by the intermediaries are taken by these societies. These societies shoulder the responsibility of processing and marketing the produce for the member farmers.

The intermediaries like village merchants, commission agents, wholesalers, processors, transport operators, storage operators, loaders, unloaders, weigh men and retailers dominated the regulated marketing system. The intermediaries performing these functions also seek returns largely disproportionate to their investment of capital, time and labour. The producers realize about 50 to 60 percent of the price paid by the consumers. In fact the share is much lower in the case of perishable products like fruits and vegetables. Agricultural produce are seasonal most farmers produce the same crop at the same time. Further the producers lack withholding capacity and bargaining power. They are forced to bring the produce to the market soon after the harvest thereby creating the glut in the market and depressing the price. This problem is much more acute in the case of perishable products like vegetables, fruits and flowers.

 Majority of the farmers have poor knowledge of demand and supply variations in agricultural markets. They lack organization. In this process intermediaries exploit them. The marketing expenses are also borne by the producers. Therefore the agricultural produce marketing system requires attention with a view to ensure large share of consumer rupee to the farmer. It was in this context the various state governments have implemented the concept of Farmers Market.

**OBJECTIVES OF THE STUDY:** The present study was conducted with the following objectives

1. To study the evolution of Farmers marketing in India
2. To study the Benefits of farmers marketing.

**METHODOLOGY:** The study is based on secondary sources.

**MEANING OF FARMERS MARKET**

**FARMER’S MARKET**

A farmers market is one in which the farmers from a defined local area sell their produce in person directly to the consumers. The stall holder himself is supposed to have grown all the products sold in a farmers market. (Desmond Jolly)

Certified farmers markets, by definition, are sites where local farmers participate in selling direct to consumers. Certification means that a government agency or official—it is the county agriculture commissioner—has certified that the market’s vendors have grown what they sell at the market and that the market includes only farmers who are certified producers. (Desmond Jolly)
The National Farmers Market Association recognizes only farmers markets that:

- offer locally grown produce (grown within a thirty- to fifty-mile radius of the market)
- are sold by “principal producers” (the stall is operated by someone directly involved in production);
- are operated in accordance with trading standards, environmental health regulations, licensing, charters, and other relevant legislation; and
- Have criteria for market rules and policies that do not conflict with the main principles set by the National Farmers Market Association.

At a certified farmers market, all vendors sell “direct from the farm” items such as fruits, vegetables, nuts, herbs, and flowers. Some farmers markets which include meat, eggs, and dairy products. Farmer’s market managers often encourage the sale of value-added items such as salsas, jams, specialty oils, and nut butters and incorporation of local handicrafts and artisans. (Desmond Jolly)

**EVOLUTION OF FARMERS MARKETING**

**A. GLOBAL LEVEL**

Farmers market was started in 1994 in the United States. By the year 2000 there were more than 3100 farmers markets operating in the US with 19,000 farmers reported selling their produce only at farmers markets. The farmers markets are gaining popularity in US mainly due to growing consumer interest in obtaining fresh products directly from the producers.

California Certified Farmers Markets are where California farmers sell their fresh picked crops directly to the public in over 350 communities throughout the US and are operated in accordance with regulations established in 1977 by the California department of food and agriculture.

In Srilanka, National Association of Farmers markets have been launched in June 2002 with an objective of promoting farmers market. Only principal producer from the defined area are eligible to sell their own produce in farmers market directly to the consumers.

**B. NATIONAL LEVEL**

In India the Government of Punjab has taken a bold initiative in addressing the farmers and had become pioneer to implement a new concept called Apni Mandi in the year 1987. The first Apni Mandi was started in 1988 at Karnal. In Rajasthan also this scheme has been introduced in four districts Udaipur, Ajmeer, Jaipur and Jodhpur. Later it was followed by Haryana in the year 1987. M.S.Gill the former union agricultural secretary during his visit to the UK found that farmers were selling fresh and green vegetables on the roadside on a collective basis at a premium price and the market was quiet busy. After a detail investigation he found that the
farmers directly sold their produce to the consumers without middleman or the commission agents. Immediately on his return to India he was successful in setting up of Apni Mandi in the states of Punjab and Haryana.

As per this concept farmers are allowed to bring their produce into the market and can sell produce at a price fixed by the committee. This was proved to be successful and after observing the spectacular performance of Apni Mandis the central government directed all the state governments to follow the model followed by Punjab and Haryana.

RYTHU BAZARS IN ANDHRA PRADESH

The Rythu bazaars were initiated by the Government of Andhra Pradesh on January 26, 1999. The number of Rythu Bazars has increased from 49 to 102 and now covers nearly 40,000 farmers of 2,800 villages within a span of nine months in all the district head quarters and important cities in Andra Pradesh. 24 Rythu Bazars are located on government lands identified by the District Collectors. The locations are decided in such a way as are convenient to both for the farmers and consumers. The criteria for opening of new Rythu Bazars are the availability of atleast one acre of land in strategic location, and identification of 250 vegetable growing farmers including 10 groups. The price fixation in Rythu Bazars is through a committee of farmers and the Estate Officer. Adequate care is taken to fix the prices realistically. If the prices in Rythu Bazars are higher than the local market rate, there is no incentive to consumers. And if the prices fixed are lower than the wholesale market rates, there is no incentive to farmers. The prices in Rythu Bazars are generally 25 percent above the wholesale rates and 25 percent less than the local retail price. The maintenance expenditure of Rythu bazaars is being met from the financial sources of Agricultural Produce Market Committees.

UZHAVAR SANTHAI IN TAMIL NADU

In Tamil Nadu the first uzhavar shanthai came into effect on 14th November 1999. Within a year, 95 Farmers’ Markets were established, and reached a total of 102 by the 31st March 2001. However, with assembly elections in October 2001 and a change in government, no more Farmers’ Markets were opened, and eighteen have been closed because of low efficiency. Reasons for this include a daily vegetable inflow of less than 200 kg, low number of customers and low number of participating farmers. Farmers’ Markets are under the administrative control of the State’s sixteen Agricultural Marketing Committees, which in turn are part of the Department of Agricultural Marketing. The Committees are also responsible for the administration of Regulated Markets, where farmers sell directly to traders without the intermediary of commission agents and under a tender system supervised by Committee officials. Regulated markets also offer storage facilities to producers, to whom an advance is paid once the produce is deposited. Regulated markets deal with a predetermined list of commodities and especially food grains and other non-perishable items. With regard to the Farmers’ Markets, the Committees are responsible for their overall administration. All Farmers’ Markets open at 6.30 in the morning, and usually close at 2.00 in the afternoon, although marketing committee staff remains until 5PM to complete all the paperwork. A notable exception is Maharaja Nagar Farmers’ Market in Tirunelveli, which is open until 7.00 in the evening. This allows farmers to
bring in their produce twice a day, and has therefore attracted larger farmers, who would otherwise find it difficult to dispose of higher volumes of produce in Farmers’ Markets.

The price of the vegetables is fixed each day by a committee including Marketing Committee officials and farmers’ representatives. Committee members collect prices in the central and retail markets before 3.00 in the morning, and by 6.30 the maximum selling prices in the Farmers’ Market are fixed at 15 to 20 percent over the night sale price at the central market, and 20 percent below the price in the retail markets – whichever is higher. Farmers are not permitted to sell above the maximum price, although they are allowed to sell at a lower price. Prices are displayed on a blackboard at each stall, and staff constantly monitor that they are respected. Farmers also get good quality seeds and other inputs in the market itself.

KRUSHAK BAZAARS IN ORISSA

Government of Orissa established 40 Krushak Bazaars in the state in 2000-01. Government provides incentives for the purpose which include one or two acres of government land with all the infrastructure in the identified urban/semi urban area. The farmers are identified and provided with photo identity cards to operate in the market. The identified farmers are supplied with required inputs for vegetable production. In addition, storage and public utility facilities are also provided. The price in the Krushak Bazaar is determined taking whole sale price and retail market price of different products in the respective markets. The comparison of prices in wholesale, Krushak Bazaar and retail market indicate that the prices were 4 to 41 percent higher in Krushak Bazaar than the wholesale market price. However in case of retail market, the prices were lower by 10 to 32 percent in the Krushak Bazaar.

HADASPAR VEGETABLE MARKET IN PUNE

Hadaspar vegetable market is a model market for direct marketing of vegetables in Pune city. This sub-market yard situated 9 kms away from Pune city belongs to the Pune Municipal Corporation and fee for using the space in the market is collected by the Municipal Corporation from the farmers. This is one of the ideal markets in the country for marketing of vegetables. In this market, there are no commission agents/middlermen. The market has modern weighing machines for weighing the products. Buyers purchase vegetables in lots of 100 kgs or 100 numbers. The produce is weighed in the presence of licensed weigh men of the Market Committee and sale bill is prepared. The purchasers make payment of the value of produce directly to the farmer. The purchaser is allowed to leave the market place along with the produce after showing the sale bill at the gate of the market. Payment is made in cash. Disputes, if any, arising between buyers and sellers are settled by the supervisor of the Market Committee after calling the concerned parties. The Market Committee collects one per cent sale proceeds as market fee for the services and facilities provided by the Committee to the farmer-sellers and buyers.

RAITHARA SANTHEGALU IN KARNATAKA

The farmers markets are called as Raithara Santhegalu in Karnataka. The first farmers market started during 2002 march at yelahanka.a suburb of Bangalore city the other two in Hubli
and chitradurga. The Karnataka State Agricultural Marketing Board has embarked on programme of establishing farmers markets in other prominent towns of the state.

THE MAIN OBJECTIVES TO ESTABLISH FARMERS MARKETS ARE

- To establish farmers markets without middlemen
- To provide a forum for direct interface between farmers and consumers
- To provide necessary infrastructure facilities to enable the growers of fruits and vegetables to sell their produce directly to consumers
- To provide facilities for easy and adequate flow of fruits and vegetables to farmers market.
- To ensure reasonable price to the growers of fruits and vegetables and to increase their bargaining power.
- To ensure availability of fruits and vegetables at a fair price to the consumers
- To establish a marketing system this would ultimately enable the farmers not only to develop themselves as good growers but also as effective and successful salesmen.
- To stabilise the prices in the related markets
- To minimise seasonal fluctuations in the prices of vegetable

BENEFITS OF FARMERS MARKETS

There are many reasons why farmers markets have been successful and why so many communities support them. Farmers markets provide significant benefits to consumers, and farmers.

BENEFITS TO CONSUMERS

Consumers flock to farmers markets for two main reasons, the wide selection of fresh, affordable produce and specialty food items and the opportunity to gather with friends. At many markets, buying direct from the farmer means lower prices and a large variety and selection of produce, as well as access to primary producers.

Farmers can answer questions about their growing methods and food preparation. Farmers markets also make it easier for people interested in home processing to purchase large quantities of produce at affordable prices.
BENEFITS TO FARMERS

Selling direct to consumers through farmers markets allows farmers to produce and sell in a way that provides more income and consumer contact than would be possible selling through other channels. Farmers markets are particularly good outlets for small-scale farmers who have relatively small volumes of produce.

Many growers also use farmers markets as an opportunity to experiment with small amounts of exotic or new products that would be risky to produce in large quantities for wholesale distribution. Farmers markets allow them to develop their product marketing methods according to consumer needs and buying behaviour and get feedback on new products directly from consumers.

Farmers markets have acted as a vehicle by which farmers can increase their profitability by diversifying their product base, expanding direct marketing efforts, and developing their business skills.

Vendors have the opportunity to set their own prices and may receive other market-related benefits as well. Benefits can include market-generated promotional materials and exemptions from certain marketing requirements.

After a day of selling at a farmers market, they have the satisfaction of seeing the immediate cash return with no accounts receivables pending. Above all, by selling direct, farmers have the opportunity to interact with their customers.

BENEFITS TO COMMUNITIES

Farmers markets can serve as building blocks for stronger communities and also encourage and enhance the preservation of farmland. A well planned market can create a safe, festive and healthy atmosphere in which all members of the community can participate. In urban areas farmers markets provide a link between food consumption and, production, allowing residence to get a better sense of their food’s origin.

Farmers markets address the needs of many low income communities where access to quality produce is severely limited. Farmers markets are an excellent way for these communities to address their nutritional needs by making available a more diverse and affordable selection of fresh produce.

Farmers markets contribute to local food security and agricultural diversity. In todays agriculture, vast areas of the country specialize in only one or two crops farmers markets contribute to local food security and agricultural diversity.

Farmers markets empower consumers and make communities more interdependent. The local population can support its local farmers, who in turn get more money to invest in local business. As a result, communities as a whole develop a more secure economic base and food system.
By analyzing the above benefits of farmers marketing we can conclude that there is a need of establishing more and more farmers markets in the country by providing basic infrastructure facilities. This would help in maintaining the prices of several agricultural commodities stable. It also leads to increase of producers share in the consumer rupee.

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