

**How to Cite:**

Jeyaramya, M. (2022). Barriers and challenges-agricultural marketing of the produce faced by the farmers in Tamilnadu. *International Journal of Health Sciences*, 6(S5), 1055–1061.  
<https://doi.org/10.53730/ijhs.v6nS5.9063>

# **Barriers and challenges-agricultural marketing of the produce faced by the farmers in Tamilnadu**

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**Abstract**---Agriculture fulfils the basic needs of human kind by producing food. Farmer used to produce food and commodities mostly for self-consumption or for exchange with others mostly in the same village or nearby places. At present, production environment has changed considerably from self-reliance to commercialization. Agriculture, generally means growing of crops and livestock while, marketing encompasses a series of activities from the point of production to point of consumption. There are key factors influencing agriculture in both production and marketing may be classified as physical, social and economic factors. Mostly marketing in Tamilnadu has been through various channels like middlemen, traders, retailers and by direct marketing. To overcome various limitations and to provide greater benefits to the farmer which were taken by middlemen, Direct Marketing was implemented. The Government have taken steps in restructuring to regulate Agri Business and encourage entrepreneurs. The Government also took necessary steps like practicing fair trade price to the farming community to support the left behind farmers in the competitive marketplace and supporting with latest technologies to reduce the loss incurred during various stages of harvesting. By implementing various technological ideas and through value addition agricultural business can be streamlined in this competitive market.

**Keywords**---Agriculture, Marketing, Middlemen, Farmers, Agri Business

**Introduction**

Agriculture fulfils the basic needs of human kind by producing food. farmer used to produce food and commodities mostly for self-consumption or for exchange

with others mostly in the same village or nearby places. They were primarily self-reliant. But now production environment has changed considerably from self-reliance to commercialization. Technological advancement in the form of high yielding varieties, use of fertilizers, insecticides, pesticides, farm mechanization has led to a substantial increase in farm production and consequently the larger marketable and marketed surplus. The improved production is accompanied by the increasing urbanization, income, changing life style & food habits of the consumers and increasing linkages with the overseas market. Today consumers are not limited to rural areas where food is produced. Further, increasing demand for processed or semi-processed food products requires value addition in the raw agricultural produce. These developments require movement of food commodities from producer to consumers in the form of value-added products. Agricultural marketing brings producers and consumers together through a series of activities and thus becomes an essential element of the economy. The scope of agricultural marketing is not only limited with the final agricultural produce. It also focuses supply of agricultural inputs to the farmers. Indian agriculture can play a vital role in economic development. In recent years there is great importance to the efficiency of marketing of agriculture produces in India. Agricultural trade is an essential ingredient for economic development. The increase in agricultural production calls for concurrent improvement in the marketing system. Thus, for the country mostly dependent upon agriculture, the efficient agricultural marketing system is essential and vital.

### **Concept and Definitions of Agricultural Marketing**

The term agricultural marketing is composed of two words- agriculture and marketing. Agriculture, generally means growing and/or raising of crops and livestock while, marketing encompasses a series of activities involved in moving the goods from the point of production to point of consumption. Many scholars have defined agricultural marketing and incorporated essential elements of time, place, form and passion utility. Agriculture, in the broadest sense, means activities aimed at the use of natural resources for human welfare, i.e., it includes all the primary activities of production. According to Thomsen, the study of agricultural marketing comprises all the operations, and the agencies conducting them, involved in the movement of farm-produced foods, raw materials and their derivatives. The term agricultural marketing includes all those activities which are mostly related to the procurement, grading, storing, transporting and selling of the agricultural produce. Marketing of agricultural products means a series of activities involved in the movement of agricultural produces from the point of production to the point of consumption.

#### **This paper focuses in the following aspects**

- The Present State of Agricultural Marketing in Tamilnadu
- Factors influence Agricultural Marketing in Tamilnadu
- Problems of marketing of the produce faced by the farmers

#### **The Present State of Agricultural Marketing in Tamilnadu**

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.

Today's agricultural marketing has to undergo a series of exchanges or transfers from one person to another before it reaches the consumer. There are three marketing functions involved in this, i.e., assembling, preparation for consumption and distribution. Selling on any agricultural produce depends on some couple of factors like the demand of the product at that time, availability of storage etc. The products may be sold directly in the market or it may be stored locally for the time being. Moreover, it may be sold as it is gathered from the field or it may be cleaned, graded and processed by the farmer or the merchant of the village. Sometime processing is done because consumers want it, or sometimes to conserve the quality of that product. The task of distribution system is to match the supply with the existing demand by whole selling and retailing in various points of different markets like primary, secondary or terminal markets.

In Tamilnadu four different systems of agricultural marketing are prevalent:

**1. Sale in Villages:**

The first method open to the farmers in India is to sell away their surplus produce to the village moneylenders and traders at a very low price. The moneylender and traders may buy independently or work as an agent of a bigger merchant of the nearby mandi. In India more than 50 per cent of the agricultural produce are sold in these village markets in the absence of organized markets.

**2. Sale in Markets:**

The second method of disposing surplus of the Indian farmers is to sell their produce in the weekly village markets popularly known as 'hat' or in annual fairs.

**3. Sale in Mandis:**

The third form of agricultural marketing in India is to sell the surplus produce through mandis located in various small and large towns. There are nearly 1700 mandis which are spread all over the country. As these mandis are located in a distant place, thus the farmers will have to carry their produce to the mandi and sell those produce to the wholesalers with the help of brokers or 'dalals'. These wholesalers or mahajans again sell those farm produce to the mills and factories and to the retailers who in turn sell these goods to the consumers directly in the retail markets.

**4. Co-operative Marketing:**

The fourth form of marketing is the co-operative marketing where marketing societies are formed by farmers to sell the output collectively to take the advantage of collective bargaining for obtaining a better price.

The factors affecting agricultural marketing are

- 1). Economic factors,
- 2). Operational factors

**Factors affecting agricultural marketing:**

The factors affecting agricultural marketing are

**1). Economic factors**

The economic inefficiency may be due to more than one factor viz., imaginary impact, trade manipulations, and inadequacies of storage, processing and transportation facilities. In the context of wide price fluctuation, it will not be desirable to leave agricultural marketing to the mercy of uncertain market forces. There is the problem of increasing marketable surplus and marketed surplus to economically viable quantities. These causes individually and jointly operate in a vicious circle causing a total inefficiency in agricultural marketing. The moneylenders force the farmers to sell their produce much below the market prices and that too immediately after the harvest.

**2). Operational factors**

Lack of availability of market information is another important area that requires special attention. Illiteracy of Indian farmers results in their ability to make proper use of market information. The information reaches users so late that it loses its practical utility and becomes a subject of academic interest only. In our country no attention is focused on retailing without which market formation is incomplete. Market information is an important marketing input necessary for orderly marketing of agricultural commodities. Marketing costs can be reduced through the operation of a more efficient system. Sometime increase in marketing costs might be due to better marketing services. In developed countries high marketing costs are often justified on the basis of better services provided to consumers. It is clear that operational or functional inefficiency in Indian agricultural marketing is the fundamental defect. The effect of this spreads to other components thereby making

**3) Institutional factors**

Various institutions are formed with specific objectives of helping the growers. But these institutions have mostly failed to achieve the objectives for which they were established. Some of the institutions created in the field of agricultural marketing remained inefficient partly due to the conceptual defects and partly due to the influence of other inefficient elements. The Co-operative Societies working in India are good examples of such inefficiencies. In the Indian agricultural marketing, another important aspect to be considered under institutional factors is the absence of vertical integration.

**4). Structural factors**

One of the basic defects of Indian agricultural marketing is not the lack of institutions but the absence of efficiency in them. Malpractices in trade, especially in the numerous unorganized markets spread out in the rural areas have often been cited as a patent defect of Indian agricultural marketing. From the marketing point of view, small holdings also pose difficult problems. Marketable surplus and marketed surplus in such circumstances may dwindle and will, therefore, affect the efficiency of marketing

### **5). Motivational factors.**

The illiteracy among the farmers has paved the way for adoption of heterogeneous methods of marketing. As such marketing varies, from commodity to commodity, region to region and from season to season. The primary consideration for the development of agricultural marketing is to organize the existing systems in such a way as to ensure the farmer his due share of price paid by the consumers and subserve the need for planned development. For agricultural development to take place, it is essential that farms become more and more commercial, producing increasingly for the market. The reorganization of the agricultural marketing system is closely linked to the development of agricultural production ensure the grower in getting his due share. Regulations of market practices, especially for agricultural commodities, is also one among such interventions.

### **Problems of marketing of the produce faced by the farmers**

The agriculture business nowadays extends its growth and plays a vital role in Tamilnadu. Mostly marketing in Tamilnadu has been through various channels like middlemen, traders, retailers and by direct marketing. In order to overcome this limitation and to provide greater benefits to the farmer which were previously taken by middlemen, Direct Marketing was implemented. The Direct marketing is a big support of rural economic development. The Tamilnadu government established the uzhavarsanthai, local mandi's, regulated districts markets are some of the farmer's direct market place. Even though direct marketing supports the farmer and provide solution to some extent, there few practical barrier which challenges the farmers to avail expected benefits.

#### **1. Lack of Organized Market**

Majority of farmers live in villages. Organized markets have not developed in villages to sell their products. So, there are no markets to supply neither agricultural products to the customers, not agricultural inputs to the farmers in rural areas. So, agricultural market has remained unorganized.

#### **2. Predominance of Intermediaries**

Agricultural market is totally controlled by intermediaries. They have predominance in determining prices, buying and selling of agricultural product. So, neither the farmers can get reasonable prices of their products, nor the customers can get the products at cheap prices. Intermediaries buy agro-products at cheap prices from farmers and sell to consumers at high prices. So, agricultural market has been seriously affected by exploitation of intermediaries.

#### **3. Lack of Standardization and Grading**

Farmers produce various kinds of goods. But they are not standardized and graded according to their quality. Rather there is malpractice of adulteration of standard and inferior quality goods. Bad quality products are mixed with good quality and sold at high price.

#### **4. Lack of Warehousing**

There is no proper warehousing facility for storing agricultural products. The farmers have the compulsion to sell their products at cheap price on the one hand, the quality of goods declines and quantity decreases due to the leakage on

the other. Similarly, as there is no adequate facility of transportation, farmers cannot get reasonable prices of their products.

#### **5. Lack of Transportation Facility**

There is no transportation facility in every part of the countries. If there is transportation facility, agricultural market can get expanded. Due to the lack of transport facility, it becomes impossible. Although the importance of agricultural market is paramount in every village, there is lack of transport facility.

#### **6. Lack of Marketing Skill**

Because of the lack of proper education, the small farmers and businessmen have no marketing skill. Small farmers, businessmen are not skilled in determining price, storing, packaging and grading the agricultural products. AS a result, they have not got benefits from agricultural occupation.

#### **7. Lack of Market Information**

There is lack of institutional body to give information to the farmers about the production situation, price, demand and changes in price, market situation etc. of the agricultural products. Farmers are exploited or cheated by local landlord, moneylenders and agro-businessmen due to their wrong information.

#### **8. Lack of Minimum Price Fixation System**

There is lack of minimum price fixation system of the agricultural products. As a result, farmers have to suffer exploitation.

In this way, absence of organized market, predominance of intermediaries, lack of standardization and grading, lack of warehouse and transportation facility, lack of market information, lack of minimum price fixation system are the problems of agricultural marketing.

#### **Steps taken for improvement of Agricultural Marketing in India:**

One Deputy Director of Agriculture (Agri Business) for each district, one Agricultural Officer for every two blocks, one Assistant Agricultural Officer for one block have been posted as per restructuring to regulate Agri Business and encourage entrepreneurs. In 103 Uzhavar Sandhais, 51 Agricultural Officers and 52 Deputy Agricultural Officers are posted. After restructuring 239 original posts have been enhanced to 906 posts in Agricultural Marketing and Agri Business Department.

The Main Activities are as follows:

1. Establishment and maintenance of Uzhavar Sandhaigal for the benefit of farmers as well as consumers.
2. To create marketing opportunities for small and marginal farmers in cultivation of fruits, vegetables and flowers by formation of groups which includes production, storing and export.
3. Establishment and maintenance of regulated markets in order to facilitate buying and selling of agricultural produce for the benefit of the farming community.
4. Grading of agricultural produce in the regulated markets and at farm holdings to help the producers to get remunerative price for their produce.

5. To create awareness among the farmers about the benefits of grading, marketing, value addition and processing their produce through regulated markets by taking up training, publicity and propaganda.
6. To set up Agriculture Export Zones for promoting export of agricultural produce by increasing the area under exportable crops, providing necessary post-harvest management and other infrastructure required and information on prices prevailing at international markets as an integrated approach through computers.
7. To take up Agmark grading of agricultural, animal husbandry and forestry products for the benefit of the consumers.
8. To set up modern cold storage facilities to enable the farmers to store and sell their produce at favorable price and to help consumers to get quality food products.
9. Food Processing Industries are promoted to minimize wastage of agricultural products, to increase employment opportunities and to enhance foreign exchange

### **Conclusion**

The Vision of the Department of Agricultural Marketing & Agri Business is to ensure fair price to the farming community who are left behind in the competitive marketing scenario and the mission of achieving this is by enforcing the existing act and rules most effectively and also by devising, implementing new technologies aimed at reducing pre and post harvest losses through appropriate methods and encourage value addition. Green Revolution initiatives achieved self-sufficiency by increasing food grains production. Simultaneously, several initiatives have been taken to promote agricultural marketing in the state. Agricultural Marketing infrastructure plays a pivotal role in fostering and sustaining the tempo of rural economic development. Marketing is as critical to better performance in agriculture as farming itself. Agri Business is a process, which starts with a decision to produce a saleable farm commodity and it involves all the aspects relating to pre and post-harvest operations including grading, value addition, packaging, processing and transportation. These operations add value to farm produce.

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