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**Subject II**

**Agricultural Marketing: Issues and Challenges**

**Rapporteur: Ramesh Chand\***

The session started with presentation on salient findings and issues emerging from the papers accepted for discussion in the Conference. The first issue that was raised for discussion related to the Market Regulation Act. It was noted that in the recent years there were frequent violations of various provisions of market regulation act. The Group discussed at length how to improve enforceability of market regulation act and make it more stringent. It was observed that the regulation is primarily aimed at ensuring a fair deal to producer sellers and to check malpractices in the market. However, the nexus between different market functionaries succeeds in bypassing the regulation and this does not allow for a fair deal to producers. It was noted with concern that undercover deals in price determination are still continuing, particularly in the case of horticultural products. The Group suggested measures like digital display of bids to make the transactions transparent. It was also suggested that the auctioneer and secretary of market committees should not continue in the same market for a long time. As far as possible the auctioneer should be changed daily. The functionaries of market committee should be made accountable for violation of market regulation act. Due to violation of market regulation act and low level of awareness of producer sellers about the act, there was some loss of confidence in regulated market, which can have detrimental effect on agricultural production in the long run. There is also a need for market extension to educate the farmers about marketing and regulations.

There is a growing tendency to sell produce through informal markets and to under-record produce sold in regulated markets to avoid market charges and taxes. This is happening mainly because of declining credibility of regulated market institutions to provide competitive price to the producers. The need for a strong representation of genuine farmers in the market committee was also felt to keep a check on domination of traders and bureaucrats.

There is considerable scope for reducing marketing margins at retail level to improve producers' share in the consumer rupee. There is a need to promote "direct agricultural marketing models" through *Apani Mandi* or *Kisan Mandi* or through retail outlets of farmers' co-operatives in urban areas. The direct link between producers and consumers would work in two ways: one, by enabling farmers to take advantage of high prices and secondly, by putting downward pressure on the retail prices.

There is a renewed interest in the co-operative marketing institutions, given the dominance of small holders in Indian agriculture. Co-operative or some sort of group marketing alone can help in realising the advantages of scale economy which is becoming more and more relevant in the light of emerging competition. Co-operatives also need to be encouraged in those areas of marketing where Government and private sectors have not come forward to the required extent. This includes activities like storage and processing. There is also an urgency for geographical and functional expansion of co-operative institutions. In order to

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face the challenges as well as to take advantage of economic liberalisation, Indian agriculture would require co-operative institutions with high professional skill.

Several new growth pockets with large marketable surplus have emerged in East and Central India but operations of official procurement agencies are concentrated only in the traditionally agriculturally developed areas. There is need for the Centre as well as state-level agencies to set up procurement mechanisms in these newly emerging areas. There are occasions of market price falling below minimum support price in such areas. Since these areas hold the future growth potential, there is a strong need for favourable economic environment for generating surpluses in such areas.

While parastatals like Food Corporation of India should continue to play the vital role assigned to them, there is need for improvement in their performance. This can be done through modernisation of their infrastructure and professional and scientific management of their operations.

There is need for setting up an elite institutional agency for taking cognizance of impact of natural factors and emerging demand-supply and price situations in various international markets on Indian supply and prices. Such an agency should do the job of providing advance market intelligence.

The existing public sector institutions have very limited capacity for producing improved seed and plant propagation material, while the demand for such materials is expected to rise rapidly. There are frequent incidents of duping of farmers, aspiring to increase production through modern/improved seed, by unscrupulous private traders. In order to take advantage of new biological technique and genetic engineering there is a need to strengthen the national agricultural research system. Multinational seed companies are keen to enter India's seed sector and they have promising technology for some crops. However, there could be some danger associated with free operation of multinational seed companies. These companies should be allowed to carry out their operations subject to clearance by a group of experts from scientific institutions like Indian Council of Agricultural Research and Council of Scientific and Industrial Research.

#### *Some Areas for Future Research*

Most of the studies in agricultural marketing have concentrated on estimating marketing margin, price spread and marketing channels. The Group felt the need for rigorous studies on marketing, based on sophisticated analytical tools. It was also felt that due to concealed recording of sales and lack of seriousness in reporting marketing data, the official statistics do not reveal the true picture and undercurrents of agricultural marketing. There is thus a need for research based on the data collected by researchers themselves rather than relying solely on official sources. Some areas for further research are:

1. How the system of minimum support prices is affecting actual market prices of different commodities?
2. What is the extent of unrecorded transactions within the market and what is the trend in the proportion of produce that passes through formal market channels?
3. What are the factors affecting conduct and performance of agricultural markets?
4. What is the optimum level of buffer stock of foodgrains needed in the light of trade liberalisation, improved infrastructure and communication network?
5. What is the role of different factors in price instability and how to check violent fluctuations in agricultural prices?