

AGRICULTURAL MARKET SYSTEM

Have you ever asked yourself how food grains, vegetables and fruits that we consume daily come from different parts of the country? The mechanism through which these goods reach different places depends on the market channels. Agricultural marketing is a process that involves the assembling, storage, processing, transportation, packaging, grading and distribution of different agricultural commodities across the country.

Prior to independence, farmers, while selling their produce to traders, suffered from faulty weighing and manipulation of accounts. Farmers who did not have the required information on prices prevailing in markets were often forced to sell at low prices. They also did not have proper storage facilities to keep back their produce for selling later at a better price. Do you know that even today, more than 10 per cent of goods produced in farms are wasted due to lack of storage? Therefore, state intervention became necessary to regulate the activities of the private traders.

Let us discuss four such measures that were initiated to improve the marketing aspect. The first step was regulation of markets to create orderly and transparent marketing conditions. By and large, this policy benefited farmers as well as consumers. However, there is still a need to develop about 27,000 rural periodic markets as regulated market places to realise the full potential of rural markets. Second component is provision of physical infrastructure facilities like roads, railways, warehouses, godowns, cold storages and processing units. The current infrastructure facilities are quite inadequate to meet the growing demand and need to be improved. Cooperative marketing, in realising fair prices for farmers' products, is the third aspect of government initiative. The success of milk cooperatives in transforming the social and economic landscape of Gujarat and some other parts of the country is testimony to the role of cooperatives. However cooperatives have received a setback during the recent past due to inadequate coverage of farmer members, lack of appropriate link between marketing and processing cooperatives and inefficient financial management. The fourth element is the policy instruments like

(i) assurance of minimum support prices (MSP) for 24 agricultural products (ii) maintenance of buffer stocks of wheat and rice by Food Corporation of India and

(iii) distribution of food grains and sugar through PDS. These instruments are aimed at protecting the income of the farmers and providing foodgrains at a subsidised rate to the poor. However, despite government intervention, private trade (by moneylenders, rural political elites, big merchants and rich

farmers) predominates agricultural markets. The quantity of agricultural products, handled by the government agencies and consumer cooperatives, constitutes only 10 per cent while the rest is handled by the private sector. Agricultural marketing has come a long way with the intervention of the government in various forms. The rapid commercialisation of agriculture in the era of globalisation offers tremendous opportunities for value addition of agro-based products through processing and this needs to be encouraged apart from awareness and training of the farmers to improve their marketing ability.

Emerging Alternate Marketing Channels: It has been realised that if farmers directly sell their produce to consumers, it increases their share in the price paid by the consumers. Some examples of these channels are Apni Mandi (Punjab, Haryana, Rajasthan); Hadaspar Mandi (Pune); Rythu Bazars (vegetable and fruit market in Andhra Pradesh) and Uzhavar Sandies (farmers markets in Tamil Nadu). Further, several national and multinational fast food chains are increasingly entering into contracts/alliances with farmers to encourage them to cultivate farm products (vegetables, fruits, etc.) of the desired quality by providing them with not only seeds and other inputs but also assured procurement of the produce at pre-decided prices. Such arrangements will help in reducing the price risks of farmers and would also expand the markets for farm products. Inadequate irrigation facilities, it becomes difficult to find gainful employment. Therefore expansion into other sectors is essential to provide supplementary gainful employment and in realising higher levels of income for rural people to overcome poverty and other tribulations. Here the focus will be only on allied activities, non-farm employment and other emerging alternatives of livelihood, though there are many other options available for providing sustainable livelihoods in rural areas.

As agriculture is already overcrowded, a major proportion of the increasing labour force needs to find alternate employment opportunities in other non-farm sectors. Non-farm economy has several segments in it; some possess dynamic linkages that permit healthy growth while others are one relates to diversification of crop production and the other relates to a shift of workforce from agriculture to other allied activities (livestock, poultry, fisheries etc.) and non-agriculture sector. The need for diversification arises from the fact that there is greater risk in depending exclusively on farming for livelihood. Diversification towards new areas is necessary not only to reduce the risk from agriculture sector but also to provide productive sustainable livelihood options to rural people. Much of the agricultural employment activities are concentrated in the Kharif season. But during the Rabi season, in areas where there are in subsistence, low productivity propositions. The dynamic sub-sectors include agro-processing industries, food processing industries, leather industry, tourism, etc. Those sectors which have the potential but seriously lack infrastructure and other support include traditional household-based industries like pottery, crafts, handlooms etc. Though majority of rural women find employment in agriculture with men looking for non-farm employment, in recent times, women have also begun to look for non-farm jobs (see Box 6.2).

Animal Husbandry: In India, the farming community uses the mixed crop-livestock farming system — cattle, goats, fowl are the widely held species. Livestock production provides increased stability in income, food security, transport, fuel and nutrition for the family without disrupting other food-producing activities. Today, livestock sector alone provides alternate livelihood options to over 70 million small and marginal farmers including landless labourers. A significant number of women also find employment in the livestock sector. Chart 6.1 shows the distribution of livestock in India. Poultry accounts for the largest share with 42 per cent followed by others. Other animals which include camels, asses, horses, ponies and mules are in the lowest rung. India had about 287 million cattle, including 90 million buffaloes, in 1997. Performance of the Indian dairy sector over the last three decades has been quite impressive. Milk production in the country has increased by more than four times between 1960-2002. This can be attributed mainly to the successful implementation of 'Operation Flood' from 1966 onwards; it is a system whereby all the farmers can pool their milk produce according to different grading (based on quality) and the same is processed and marketed to urban centres through cooperatives. In this system the farmers are assured of a fair price and income from the supply of milk to urban markets. Gujarat state is held as a success story in the efficient implementation of milk cooperatives which has been emulated by many states. Meat, eggs, wool and other by-products are also emerging as important productive sectors for diversification.

Fisheries: The fishing community regards the water body as 'mother' or 'provider'. The water bodies consisting of sea, oceans, rivers, lakes, natural aquatic ponds, streams etc. are, therefore, an integral and life-giving source for the fishing community. In India, after progressive increase in budgetary allocations and introduction of new technologies in fisheries and aquaculture, the development of fisheries has come a long way. Presently, fish production from inland sources contributes about 49 per cent to the total fish production and the balance 51 per cent comes from the marine sector (sea and oceans). Today total fish production accounts for 1.4 per cent of the total GDP. Among states, Kerala, Gujarat, Maharashtra and Tamil Nadu are the major producers of marine products. The overall socio-economic status of fishermen is comparatively lower than that of other backward sectors of our economy. Rampant underemployment, low per capita earnings, absence of mobility of labour to other sectors and a high rate of illiteracy and indebtedness are some of the major problems faced by these communities. Even though women are not involved in active fishing, about 60 per cent of the workforce in export marketing and 40 per cent in internal marketing are women. There is a need to increase credit facilities —cooperatives and SHGs — for fisherwomen to meet the working capital requirements for marketing.

Horticulture: Blessed with a varying climate and soil conditions, India has adopted growing of diverse horti-cultural crops such as fruits, vegetables, tuber crops, flowers, medicinal and aromatic plants, spices and plantation crops. These crops play a vital role in providing food and nutrition, besides addressing

employment concerns. The period between 1991-2003 is also called an effort to heralding a 'Golden Revolution' because during this period, the planned investment in horticulture became highly productive and the sector emerged as a sustainable livelihood option. India has emerged as a world leader in producing a variety of fruits like mangoes, bananas, coconuts, cashew nuts and a number of spices and is the second largest producer of fruits and vegetables. Economic condition of many farmers engaged in horticulture has improved and it has become a means of improving livelihood for many unprivileged classes too. Flower harvesting, nursery maintenance, hybrid seed production and tissue culture, propagation of fruits and flowers and food processing are highly remunerative employment options for women in rural areas. It has been estimated that this sector provides employment to around 19 per cent of the total labour force.

Though, in terms of numbers, our livestock population is quite impressive but its productivity is quite low as compared to other countries. It requires improved technology and promotion of good breeds of animals to enhance productivity. Improved veterinary care and credit facilities to small and marginal farmers and landless labourers would enhance sustainable livelihood options through livestock production. Production of fisheries has already increased substantially.

However problems related to over-fishing and pollution need to be regulated and controlled. Welfare programmes for the fishing community have to be reoriented in a manner which can provide long-term gains and sustenance of livelihoods. Horticulture has emerged as a successful sustainable livelihood option and needs to be encouraged significantly. Enhancing its role requires investment in infrastructure like electricity, cold storage systems, marketing linkages, small-scale processing units and technology improvement and dissemination.

Other Alternate Livelihood Options: We know that IT has revolutionised many sectors in the Indian economy. There is broad consensus that IT will play a critical role in achieving sustainable development and food security in the twenty-first century. Many examples justify this observation, such as the ability of governments to predict areas of food insecurity and vulnerability using appropriate information and software tools so that action can be taken to prevent or reduce the likelihood of an emergency. It also has a positive impact on the agriculture sector as it disseminates information regarding emerging technologies and its applications, prices, weather and soil conditions for growing different crops etc. Most importantly, it has ushered in a knowledge economy that is a thousand times more powerful than the industrial revolution. Though IT is, by itself, no catalyst of change but it can act as a tool for releasing the creative potential and knowledge embedded in our people. It also has potential of employment generation in rural areas. Experiments with IT and its application to rural development are carried out in different parts of India