

Agriculture Marketing and Price Policy

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Chapter -1

Market and Agriculture Marketing - Components and Dimensions of Market

MEANING OF MARKET

- The word market comes from the Latin word '*markatus*' which means merchandise or trade or a place where business is conducted.
- Word 'market' has been widely and variedly used to mean:
 1. A place or a building where commodities are bought and sold, e.g.- supermarket;
 2. Potential buyers and sellers of a product; e.g.- wheat market and cotton market;
 3. An organization which provide facilities for exchange of commodities, e.g.- Bombay stock exchange and,
 4. A phase or a course of commercial activity, e.g.- A dull market or a bright market.

DEFINITIONS OF MARKET

- ‘Market includes both place and reason in which buyers and sellers are in free competition with one another’ – *Pyle*
- The term ‘market’ means not a particular market place in which things are bought and sold but the whole of any reason in which buyers and sellers are in such a free intercourse with one another that the prices of the same goods tend to equality, easily and quickly.
- A market is a place where buyers and sellers come together to trade goods and services. This can happen in real locations like shops, or online such as E-Commerce sites.
- The area of economic activity in which buyers and sellers come together and the forces of supply and demand affect prices.
- ‘The term market refers not too place but to a commodity or commodities and buyers and sellers who are in direct competition with one another’ - *Chapman*

MARKETING

- All steps and processes in getting the product from the producer to the consumer.
- The customers and producers were scattered over, due to which distribution of goods became the problem. It is necessary to maintain the constant endless flow of produced goods from producer to consumers. Therefore, there exists a channel of distribution to bridge the gap between producers at one end and customers to the other end. The distribution change consist of retailer who sellers sales advertising agents.
- In simple words one can state that marketing includes all these activities, efforts which are undertaken to provide goods from the place of producer to end customers.

COMPONENTS OF A MARKET

1. The existing of a goods or commodities for transactions (physical existence is however not necessary);
2. The existence of buyers and sellers;
3. Business relationship or intercourse between buyers and sellers and;
4. Demarcation of area such as place, region, country or the whole world;
5. The existing of perfect competition or uniform prices is not necessary.

DIMENSIONS OF A MARKET

- Location or place of operation
- Area or coverage
- Time span
- Volume of transactions
- Nature of transactions
- Number of commodities
- Degree of competition
- Nature of commodities
- Stage of marketing
- Extent of public intervention
- Types of population served
- Accrual of marketing margin

SUBJECT MATTER OF MARKET

From an economic perspective,

Market structure: Microeconomics analyzes how industries are classified based on the degree of competition. Common market structures include:

1. *Perfect competition:* Many small firms sell identical products.
2. *Monopoly:* A single firm dominates the market.
3. *Oligopoly:* A small number of large companies have significant control.
4. *Monopolistic competition:* Many firms sell similar but differentiated products.

Supply and demand: Economic analysis focuses on how the supply created by sellers and the demand from buyers interact to set prices and quantities.

Financial markets: For investments, the subject matter includes stocks, bonds, currencies, commodities, and derivatives. Analysis focuses on the mechanisms and regulations of these exchanges.

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From a marketing perspective,

1. Target market: Companies define their subject matter by identifying a specific group of consumers with shared characteristics, such as demographics, interests, and behavior. This audience becomes the focus of their marketing efforts.
2. Product offering: The subject matter is viewed as a combination of goods, services, ideas, or experiences that are offered to the market to satisfy a need or want.
3. Market research: This is the systematic study of a market's subject matter. Companies use market research to understand consumer needs, competitive strategies, and overall market potential.

AGRICULTURE MARKETING

Agriculture marketing refers to the process of moving agriculture product from farmers to consumers in a way that ensures fair prices, quality and availability. It encompasses all activities involved in selling farm produce including collection, grading, storage, transportation, packaging, distribution and promotion. Effective Agriculture marketing helps farmers get the right value for their crops, reduce wastage and connect them with market, traders and consumers efficiently. It also play a vital role in stabilizing prices increasing production and supporting rural livelihood with modern techniques such as digital platform and supply chain innovations, agriculture marketing has become more organized and transparent.

IMPORTANCE OF AGRICULTURE MARKETING

- **Economic impact** - Agriculture marketing plays a pivotal role and economic landscape contributing significantly to the Nations GDP. Efficient marketing channel ensure that farmers receive fair prices for their produce, supporting their livelihood.
- **Supply chain efficiency** – The effectiveness of agriculture marketing directly influence the efficiency of the entire supply chain from farm to table, a well-organized marketing system ensures the seamless flow of agricultural products, minimizing wastage are enhancing accessibility.
- **Consumer access to quality produce** – A robust marketing system facilitates the availability of a diverse range of agriculture product in the market. Consumer benefit from a variety of fresh, quality produce, contributing to their nutritional needs and preferences.
- **Export opportunities** – Successful agriculture marketing opens avenues for export opportunities. Countries with efficient marketing systems can showcase their agriculture product globally, contributing to foreign exchange earnings and international trade.

SCOPE OF AGRICULTURE MARKETING

The scope of agricultural marketing is broad and multifaceted, encompassing both product marketing and input marketing. Let's break these down further:

Product marketing

Product marketing involves all activities related to the movement of agricultural products from farms to consumers. This includes:

- 1. Harvesting and post-harvest handling:** Ensuring that crops are harvested at the right time and handled properly to maintain quality.
- 2. Storage:** Safely storing agricultural products to prevent spoilage and loss.
- 3. Transportation:** Moving products from farms to markets, often involving multiple modes of transport.
- 4. Processing:** Transforming raw agricultural products into forms that are more convenient for consumers, such as milling wheat into flour.
- 5. Packaging:** Packaging products in a way that preserves quality and makes them appealing to consumers.
- 6. Distribution:** Distributing products to various markets, including local, regional, and international markets.
- 7. Retailing:** Selling products directly to consumers through various retail channels.

Input marketing

Input marketing involves the supply of essential inputs to farmers to facilitate agricultural production. These inputs include:

1. **Seeds:** Providing high-quality seeds that are suitable for the local climate and soil conditions.
2. **Fertilizers:** Supplying fertilizers to enhance soil fertility and crop yields.
3. **Pesticides:** Offering pesticides to protect crops from pests and diseases.
4. **Machinery and equipment:** Supplying farm machinery and equipment to improve efficiency and productivity.
5. **Credit:** Providing financial services and credit facilities to enable farmers to invest in necessary inputs.
6. **Technical advice:** Offering technical support and advice to help farmers make informed decisions.