Literature Review on Marketing of Agroproducts: Problems and Prospects

Abstract

Agricultural marketing involves number of activity like; planning production, growing and harvesting crops, grading, packing, transport, storage, processing and distribution of agro-products and simply aims at moving an agricultural product from the farmer to the consumer. For the above activities exchange of information is highly required. Odisha is an Agrarian State, where near about 70 per cent population dependent on agriculture. Majority of farmers in Odisha are poor, marginal and low educated. In absence of organised market for agricultural commodities, the farmers are exploited by the middle men and others. At this juncture the current research aims at analysis of existing work to collect information on marketing of agro-products and the problem associated with it.

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Introduction

Agriculture is the world's oldest profession and main source of sustenance of life for human. In spite of substantial growth in manufacturing and service sector, the Agriculture Sector still continues to be the mainstay of livelihood. The substantial growth of the agriculture is important for ensuing food security to the growing population of world as well as reduction of poverty. The growth of agriculture also promotes the sustaining growth of other sectors and the economy. More so, growth of two non-farm sectors can be sustained only when the agricultural sector continues to grow and provide adequate demand for goods & services along with market for the agro produce. The aforesaid facts are apt for country like India where nearly 70% people earn their livelihood through agriculture and allied activities. More dependence on this sector minimises per capital income and result a large disparity between the per capita income in the farm sector and the non-farm sector.

Therefore, it is essential to deal with those issues which impact the income level of farmers. The annual growth rate of Agriculture Sector during the Tenth Five Year Plan averaged around 2.3 per cent whereas the growth rate of the non-farm sector was much higher. The decline in agriculture growth coupled with declining profitability in the agriculture sector as well as leads to low per capital income. The Policy framed by different Govt over last 70 years has focused more growth of Agriculture Sector as well as the economic wellbeing of the farmers. On the above backdrop the current research aims at collection and analysis of existing literature on marketing of agro-products: problems and prospects to find out the gap for the further study.

The Problems of Marketing on Agro Products

Lack of Storage

Inadequate storage facility is a major problem affecting farmers. Sharp decline in price of agro products during harvesting season leads to exploitation of farmers. The problem of price decline and exploitation of farmers can be addressed with increasing storage facility.

Food Processing Industry

In India two percent of agricultural produce is estimated to be preserved for processing. The major challenge before the policy makers is to promote food processing industry in the country. Low presence of food processing industry is because of lack of proper infrastructure, storage facility and policy of Govt. Indian food processing industry is a sleeping giant and government initiatives will encourage the rapid growth in this sector.

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Cluster Cultivation

The problems arises from land, irrigation, water availability, quality inputs in time, improved production technology, timely credit, cheap labour availability, risk management- crop insurance, production of quality output, postharvest management, storage and premium price for the end product produced by the farmers. All these factors must be considered and taken into account. The farmers should cultivate in cluster mode and form Participatory Rural Appraisal group consisting of persons having experience in various aspect of cultivation. This group will have high negotiation power and guide the member farmers suitably in their crop production activities.

Eliminating Middlemen

Government would fix the rates of all the agriculture produce also provide well organised market for each of the products. In India most of the agro outputs are marketed by the help of the middlemen. These middlemen fixe the price and ate up all the profit by exploiting farmers.

Organic Fertilizers

India is a surplus country in agro output. Most of the farmers in India use chemical fertilizers which reduces the fertility of the land as well as profitably. Further, use of chemical fertilizers minimises the scope of export. Indicative must be undertaken by Govt., to aware farmers the harmful effects of chemical fertilizers and advantage of use organic fertilizers.

Labour Problems

The need of labour across the crops is not uniform. Indian farmer are small and marginal farmers. They are more dependent on traditional farming rather than modern farming. Size of land in India is not suitable for modern and machine farming. Further, the cost of agricultural equipments is high which enhances labour problem in India.

Farmers Quitting Agriculture

More and more people are opting out of agriculture but at the same time many youngsters are intending to take up agriculture. Awareness regarding various government support and subsidies, cold storage and logistic opportunities, export potential for some product need to be communicated through media. Land owning norms need to be liberalized.

Aim of The Study

The aim of the paper is 'collection and analysis of existing literature on marketing of agro-products'.

Review of Literature

Mishra, (2015), concluded that the presence of better marketing infrastructure supports the performance of marketing functions as well as better price fixation of agro-products. Better infrastructures have an impact on choice of technology, cost of transportation income distribution in favour of small and marginal farmers. The agriculture sector needs heavy investment for creation of basic infrastructures necessary for the overall economic development. In a developing country like India, marketing infrastructures play a pivotal role in fostering and sustaining the tempo of rural and economic development. Marketing is as critical to better performance in agriculture as farming itself. Though the role of infrastructure is the key element of any development programme yet their role in distribution and marketing is the supreme. India's growth both as agriculturally and horticultural advanced country may get derailed if various marketing infrastructural constraints are not removed. Many of the regions of the country still suffer from the existence of infrastructural problems that they threaten to torpedo the regions agricultural and horticultural development efforts. In this paper an attempt has been made to examine the status of different agricultural marketing infrastructures, their geographical spread in the different states of India and also the policy measures for strengthening of these infrastructural facilities. Bojnec, S. (2006), in his paper focuses on agro- food chains and agro- food consumer prices in Slovenia. He concluded that after joining EU membership, the real agro- food consumer prices have largely downward adjusted in Slovenian. The factors that have impact on Slovenian market structure are change in policy, presence of supermarkets and hypermarkets. In agro-product marketing the supermarkets and hypermarkets are taking over a substantial proportion of retail trade. The presence of supermarkets and hypermarkets in agro-products have positive impact on market structure. It is able to squeeze structures in consumer prices, including for farmers, processors and marketing margins for main agro- food staples. After the greater price adjustment changes that occurred by the EU membership, some stabilizations in agro- food markets are occurring, but at different levels of real consumer and producer prices and marketing margins. This imply that agro- food markets in the new EU member states are becoming much more integrated into internationally competitive markets, where pricing and sales promotion issues and branding are taking important role in market segmentation of agro- food products.

Negi, & Anand, (2017), in their research article Post-harvest losses and wastage in Indian fresh agro supply chain industry: A challenge, discussed on supply chain loss of agro-products during post-harvest period. The researchers are identified miss-management in supply chain of fresh agri-produce as major cause of the food problem. The major concern for fresh Agro Supply Chain Management is the post-harvest wastage. India, the world's second-largest fresh agro producer and is also one of the biggest food wasters in the world. In India, due to lack of cold storage the wastage rate is very high in case of fruits and vegetables.

Timiras (2009), in the paper 'strategic orientations of the agro- food producers towards the context of the new exigencies imposed by the external environment, concluded that all the strategic orientations aim to insure the safety and security of the food products, to diversify the range food products offered by the producer and to increase the concerns for the protection of the environment among the farmers..

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Burandt, Lang, Schrader & Thiem, (2013), have explained the importance of regional agro-food networks in development of rural area. They concluded that due to network in rural area small and medium sized enterprises get opportunity to access markets. Further they pointed out that agricultural and food economy networks have a positive impact on social and cultural changes in the rural area it operates.

Sarkar, Kundu, & Chaudhuri, (2016) studied various dimension of rural marketing to give a definition regarding rural marketing. The authors used dimension reduction technique and frequency tabulations on quantitative to arrive at any conclusion. Data are used for the content analysis. The researchers identified a strong association between need for rural market and developmental marketing. The developmental marketing activities like; appointment of local distributors, wholesalers and retailers enhances local employment and decreases information dissemination among rural mass on agricultural marketing.

Singh,(1996) analysed the problems of international marketing of agro-food products for developing country. Agro product marketing in international market is affected by both controllable and uncontrollable factors. He suggested that the local firms has to manage the controllable factors so that the uncontrollable factors of agro marketing unable to influence the firm specific factors in general. The management of firm specific factors give added advantage to the local companies in terms of market share.

Singh, & Prakash, (2015) in their study make an attempt to trace the participation level of rural farm women in production, processing and marketing of agro-products particularly vegetables. The study is relied upon both primary and secondary data. The primarary data was collected from 50 farmers from five villages selected purposively. They concluded that the participation level of rural women was very high in vegetable production. The study further examined that rural women shared roughly 62% in rearing of dairy animals/draught animals and more than 69% were engaged in keeping goats on the farm. Timiras (2009), identified a fragmented agricultural and food marketing chain in Romania. Highly fragmented markets are problematic for different stakeholder of agricultural market. Specifically it creates huge problem for the processing industry and retailers. Retailers unable to keep sufficient amount of stock of various agro products. Further, due to fragmented agricultural and food market, in Romania formal markets are not found in rural area. He suggested that the integration of the production and marketing processes of the agricultural and food products could solve the problems of agro product marketing in Romania.

Tosun, Savran, Özge, Keskin & Demirbas, (2014) analysed the warehouse receipt system in Turkey and its impact on agricultural products markets. The main findings of the study suggest due to warehouse receipt system qualitative agro products sufficiently available in market at right price. Due to warehouse receipt system the price of agro products became more stable. The price stability is possible due to decrease in cost of storage and financing cost. Baourakis, Kourgiantakis, & Migdalas, (2002) analysed the impact of e-commerce on agro-food marketing. A theoretical framework is developed by the researcher for e-commerce prioritising the agro products. The function of the model tested. The expectation of consumers and manages on the new model collected. The surveydisclose valuable information about the practical relations between e-commerce and the agro-food market and divergence from the theoretical framework is noticed.

Caiazza, Volpe, & Audretsch, (2014), tried to identify divers of innovation in agro-food industry. Innovation is in general due to interaction between multiple factors for social or economical changes. The findings show the role of institutions, actors and activities in promoting innovation in agro-food system.

Xiong, Zhong, & Ding, (2013) conducted a research on 'Prevention of farmers' moral hazard in safe farming in china: By incentives or constraints?' The objective of the research is to understand farmers' moral hazard in safe farming in China. Data were collected from 560 vegetable and fruit farmers and logit model was used to analyze farmers' moral hazard in safe farming. They indentified few incentives and constrains of farmers' moral hazard in safe farming. They suggested a proper mix of incentives and constraints will prevent farmers' moral hazard. Profit as one of the incentives inversely related to moral hazards whereas the role of agro subsidiary is not clear. Constraint factors like production environmental supervision and agricultural input supervision minimise farmers' moral hazard.

Gellynck, Banterle, Kühne, Carraresi, & Stranieri, (2012) evaluated SMEs' marketing capabilities for traditional food products. To evaluate marketing capabilities of SME primary data was collected through a questionnaire over 150 farms out of which 118 are SMEs producing traditional food products. Cluster analysis was used to arrive at any conclusion. The authors concluded that most of the SMEs are lacking in marketing management capabilities of traditional food. Only a few firm well in marketing capabilities. In market orientation the firms are unable to disseminate generated intelligence.

Rai, & Panigrahy, (2016) concluded that due to advent of new technology Indian farmer are able to enhance their production and more value addition to the agricultural products. Due to enhanced production the main problem for Indian farmers is increased marketed surplus. In India, the farmers are tensed as Agricultural product is inherently perishable, seasonal and unstandardized.

Singbo, Oude Lansink, & Emvalomatis, (2014) Estimated urban farmers' productive and marketing inefficiency for the vegetables. Marketing inefficiency referred as 'the failure of farmers to achieve better marketing output and is reflected in lower output price indices'. They concluded that the vegetable producers are efficient in production but inefficient in marketing. Further, they pointed out due to lack of technical knowledge the production is less

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whereas marketing inefficiency is due to lack of marketing arrangements.

Jones, (1999) developed an integrated input-output econometric model to analyze the impact of agricultural economic changes on production of agricultural product. The model emphasizes production agriculture, augmented agriculture and employment and is designed to enable the study of economic impacts of both short-run and long-run changes in the supply of production agriculture. He identified that the change in climate has adverse impact on production and profitability of ago-products. To avoid the loss due to climate change, the farms should diversify the range of activity.

Chisasa, & Makina, (2013) empirically examine the impact of bank credit on agricultural output in South Africa using the Cobb-Douglas production function. By analysing time series data over a period of 40 years on the variables like agricultural output, bank credit, capital accumulation, labour and rainfall they concluded that bank credit and Capital accumulation have positive and significant impact on agricultural output.

Melhim, A. (2009) analyze growth and diversification of U.S. dairy, corn, wheat, apple, and beef farms by examining longitudinal changes in ten size cohorts through three successive censuses. In dairy, we reject Gibrat's law and the mean reversion hypothesis of growth. Growth rates appear bimodal where the smallest and largest farm cohorts grow fastest. All cohorts diversify but the largest farms do not diversify as rapidly as medium-sized farms. These data suggest that scale economies persist even for the largest cohort of US dairy farms and scale economies dominate scope economies for large farms. For the other industries, we fail to reject Gibrat's law in apple and wheat industries and the mean reversion hypothesis in beef and corn industries. Apple and wheat farms diversify over time. Findings suggest that scale economies diminish for large farms across all four industries and scope economies dominate scale economies for large apple and wheat farms.

Then, he examines scope economies and risk aversion, two forces that simultaneously determine diversification. We jointly estimate scope economies and determine risk preferences under price uncertainty. We reject risk neutrality in favor of IARA and IRRA. Scope economies are significant but diminish with farm size. Increasing returns to scale exist in the production of multiple enterprises and diminish with size. Large farms operate under decreasing returns to scale. Ignoring risk preferences, a common practice in empirical work, results in an underestimate of the effect of scope economies for large farms.

Finally, by examining the impact of marketing contracts on farm cost structure and implied scale and scope economies for samples of dairy corn and wheat industries. We use the Modern Portfolio Theory to explain the increase in returns from diversifying marketing schemes. Assuming risk preferences and price uncertainty, we estimate the contract adoption decision, risk preferences, and structural parameters simultaneously. We derive measures of economies for both contracting and non-contracting farms. He found that marketing contracts improved the returns for corn and wheat farms, but not for dairy farm. Finally, having diversified marketing schemes is found to benefit only corn farms.

Conclusion

Development of agriculture in Odisha holds tremendous opportunities and growth in agriculture is also linked to the other sectors of the economy. But for a number of reasons the agricultural sector has been underperforming in the state. The farmers have contributed substantially to the growth of the state and make the state more independent and self-sustain. But the farmers of Odisha are facing a lot of problems for marketing of agricultural products. Being the farmers are less educated they a enable to tap different marketing support given by different agencies and also unable to tap the need of marketing information system for promoting agro products in Odisha. On the above back drop the above literatures are unable to enlighten the marketing support system and use of marketing information system for betterment of agriculture sector.

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