IJMDRR E- ISSN -2395-1885 ISSN -2395-1877

MAJOR PROBLEMS CONFRONTING AGRICULTURAL MARKETING IN GOBICHETTIPALAYAM TALUK IN ERODE DISTRICT

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Abstract

Indian agriculture has transformed significantly during the last six decades. These are reflected in the changing share of agriculture in national economy and employment. Agriculture contributes about 24.7% to the Gross Domestic Product (GDP) of the country. It also contributes about 13.1% to the total Indian exports. This sector provides employment to 58.4% of the country's work force and livelihood to more than 650 million people. Marketing of agricultural produces always pose problems to the farmers. Though India is the leading agricultural country, still several problems are faced by the farmers in cultivation and marketing of agricultural produces. The present study focused on analyzing the marketing problems of farmers in Gobichettipalayam in Erode District. Marketing of agricultural products has been posing a big problem for the farmers. Even at the time of producing the crops and at the time of selling them they face a lot of hurdles and obstacles such as the interference of brokers and middlemen, lack of insurance facility, lack of finance, high cost of inputs, storehouses and transporting problems. Certain measures that can be effected to bring out the reforms in agricultural marketing so as to ensure just and fair price for the farming community and to improve their standard of living especially in rural areas.

Key words: Livelihood, Marketing obstacles and Gross Domestic Product.

Introduction

Indian agriculture has transformed significantly during the last six decades. These are reflected in the changing share of agriculture in national economy and employment. Agriculture contributes about 24.7% to the Gross Domestic Product (GDP) of the country. It also contributes about 13.1% to the total Indian exports. This sector provides employment to 58.4% of the country's work force and livelihood to more than 650 million people. The agricultural marketing system is a link between the farm and non-farm sectors. Over the years, major changes came into effect to improve the agricultural marketing system. Many institutions viz., the regulated markets, marketing boards, co-operative marketing institutions, warehousing co-operatives etc., have been established primarily to help the farmers. However, various studies indicated that modernization in agricultural marketing could not keep pace with the technological adoptions in agriculture The government funding of farmers is still at nascent stage and most of the small farmers still depend on the local money lenders who are leeches and charge high rate of interest.

Agriculture continues to be the mainstay of livelihood for more than 50 per cent of the population in Tamil Nadu. It contributes 12 per cent of Net State Domestic Product. It is the single largest private sector providing job opportunities for rural people besides being the source of supply of food grains and other dietary staples and serving as the prime source of raw materials for industries. Agriculture in Tamil Nadu is beset with a number of adverse characteristics such as declining total cultivable area in relation to scarcity of cultivable land, low productivity per unit of labour in most of the regions, predominance of small and marginal farmer households, risk aversion due to production by tenants and agricultural labours under insecure conditions, vast seasonal variations and presence of a large percentage of tradition loving farmers.

Agricultural Marketing Reforms

Certain measures that can be effected to bring out the reforms in agricultural marketing so as to ensure just and fair price for the farming community. Provide loans to the farmer at low rate of interest so that they will be freed from the clutches of local moneylenders who squeeze them. In case if the crop fails due to natural calamities then the situation would be worse as the farmer is not in a position to pay his dues. It is essential to provide subsidized power supply and loans to the farmers as the expenses towards power consumption takes considerable amount of investments. Elimination of the existing loopholes in the present legislations is warranted. Creating local outlets at each village where the farmers sell their stocks directly to the consumers or the authorized buyers at fixed prices would help to a great extent. Intervention of government in this network is essential to bring the fruits to the farmers ¹.

Status of Agricultural Marketing in Gobichettipalayam Taluk

Gobichettipalayam is a picturesque town located in Erode District of Tamilnadu. It is an important town in the north-western part of Tamilnadu. It is located about 35 km from district headquarters Erode, 40 km from Tirupur and 80 km from

¹A. Vadivelu₁ and B.R. Kiran, Problems and Prospects of Agricultural Marketing in India: An Overview", International Journal of Agriculture and Food Science, 2013, Vol3, No.3, pp.108-118.



Coimbatore. It is a selection grade municipality and extends over an area of 7.5 sq.km. The economy of the town is mainly concerned with agriculture and it serves as an important source of supply for agricultural products to other parts of the State. The economy of Gobichettipalayam centers around agriculture, with paddy, sugarcane, plantain, tobacco and turmeric being the principal crops. The taluk is known for its lush green paddy fields. Gobichettipalayam is well known for its plantain cultivation and the production of coconuts. There are regulated markets for turmeric, coconut and banana. Agricultural commodities are produced in specific parts of this taluk depending upon topography and climatic conditions, while the demand for the same spreads throughout the year. Hence, there is a need to move the agricultural produce from specific supply centers to various consumption centers of the country at a least cost in order to ensure supply of quality produce to consumers at affordable price. Under the present system, marketable surplus of one area moves out to ultimate consumers through a network of middlemen, traders and institutional agencies. In Gobichettipalayam taluk, there are two regulated markets one in Gobichettipalayam and the other at Vellankovil. They are functioning under the control of the State Government. They have a market committee where farmers, traders, commission agents, local bodies and the state government are represented.

Statement of the Problem

Marketing of agricultural products has been posing a big problem for the farmers. The farmers, who produce crops, struggle a lot of bring them up. Even at the time of producing the crops and at the time of selling them they face a lot of hurdles and obstacles such as the interference of brokers and middlemen, lack of insurance facility, lack of finance, high cost of inputs, storehouses and transporting problems. A long chain of market middlemen and their high profit margins, high wastage, spoilage and quality deterioration in the process due to unscientific and small-scale handling, transportation, storage, processing are the basic constraints, resulting in unremunerative prices to the farmers on one hand and high prices and poor quality produce delivered to the consumers on the other. Hence, it is necessary to bring certain solutions which can give better direction to these farmers. The present research is carried out with the aim to find out the marketing problems faced by the farmers in the study area. The focus of this study therefore, is to examine marketing problems faced by the farmers in Gobichettipalayam Taluk. The present study is an attempt to elicit answers to the following questions:

- 1. What is the present structure of agricultural marketing system in GobichettipalayamTaluk?
- 2. To what extent the farmers are satisfied with the existing marketing facilities in the study area?
- 3. What are the marketing problems faced by the farmers in the study area?

Objectives of the Study

The main objectives of the study is to analyse the socio-economic characteristics of the farmers, market structure, satisfaction level of the farmers and to offer valuable suggestions to revamping the marketing of agricultural products in the study area.

Hypotheses

There is no significant difference between the socio economic characteristics viz., Age, Gender, Literacy level, Annual income, Expenditure, Size of land holdings and Experience in agriculture, channel preference, marketing conditions and their level of satisfaction about the existing marketing practices.

Sampling Design and Tools used

The multistage random sampling technique was adopted in designing sampling frame for the study. In the first stage, the Gobichettipalayam Taluk was selected. In the second stage, two blocks were selected out of the three based on potentiality and vast area under cultivation. In the third stage five villages were selected at random in each block. For collecting primary data 20 farmers were selected at random from each village. Thus, the sample size is 200 farmers for the study as a whole. Chi-square test and 'F' test and Garatte Ranking method have been used to analyse the problems encountered in marketing of agricultural produce.

Socio economic scenario of the study area

The distribution of respondents according to their age, gender, educational qualifications and marital status are given.

Personal profile of farmers (1)

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Age of the Farmers	Frequency	Percentage	
30-35 Years	36	18	
35-40 Years	68	34	
Above 45 Years	96	48	
Total	200	100	

Gender	Frequency	Percentage
Male	191	95.5
Female	9	4.5
Total	200	100
Educational	Frequency	Percentage
Qualification		
Illiterate	20	10
School Level	108	54
Graduate	72	36
Total	200	100
Marital Status	Frequency	Percentage
Married	184	92
Unmarried	16	8
Total	200	100

Personal profile of farmers (2)

Personal profile of farmers (2)			
Nature of the Family	Frequency	Percentage	
Joint Family	68	34	
Nuclear Family	132	66	
Total	200	100	
Size of the Family	Frequency	Percentage	
Below 3 Members	12	6	
4 – 5 Members	100	50	
Above 5 Members	88	44	
Total	200	100	
Nature of Occupation	Frequency	Percentage	
Agriculture alone	92	46	
Agriculture and Business	84	42	
Agriculture and Employment	24	12	
Total	200	100	

The distribution of respondents according to their annual family income, annual income from agriculture and annual expenditure on agriculture are given in the below Table.

Personal profile of farmers (3)

Annual Family Income	Frequency	Percentage
Below Rs.1,00,000		
Rs.100001 to Rs.150000	120	60
Rs.150001 to Rs.200000	52	26
Above Rs.200000	28	14
Total	200	100
Annual Income from Agriculture	Frequency	Percentage
Below Rs.50000		
Rs.50001 – Rs.100000	88	44
Above Rs.100000	112	56



Total	200	100
Annual Expenditure on Agriculture	Frequency	Percentage
Below Rs.50000		
Rs.50001 – Rs.100000	24	12
Above Rs.100000	176	88
Total	200	100

Persona	profile	of farmers	(4)	
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Acres of land used	Frequency	Percentage
Below 2 acres	24	12
2 acres to 5 acres	80	40
Above 5 acres	96	48
Total	200	100
Kind of land used	Frequency	Percentage
Wet land	52	26
Wet and Garden land	148	74
Total	200	100
Pattern of land holding	Frequency	Percentage
Own	40	20
Lease	148	74
Both	12	6
Total	200	100

Classification of farmers according to their experience in agriculture

YEARS OF EXPERIENCE	NO. OF RESPONDENTS	PERCENTAGE	
Below 10 years			
10- 20 years	36	18.0	
20 – 25 years	77	38.5	
Above 25 years	87	43.5	

Classification of respondents according to crops cultivated

classification of respondence according to crops carryacca			
NAME OF THE CROP	NO. OF RESPONDENTS	PERCENTAGE	
Paddy and Sugarcane	68	34.0	
Paddy only	44	22.0	
Sugarcane and banana	22	11.0	
Paddy and banana	21	10.5	
Paddy and turmeric	18	9.0	
Paddy, sugarcane and banana	20	10.0	
Sugarcane and banana	7	3.5	

Level of satisfaction of farmers about the existing marketing practices

Level of satisfaction of farmers about the existing marketing pra			
LEVEL OF	NO. OF PERCENTAC		
SATISFACTION	FARMERS		
Highly Satisfied	14	7.0	
Satisfied	18	9.0	
Neutral	13	6.5	
Dissatisfied	130	65.0	
Highly Dissatisfied	25	12.5	



Selection of channel of distribution marketing channel preference

CHANNEL OF DISTRIBUTION	NO . OF FARMERS	PERCENTAGE
Pre harvest contractors/ sugar factory (Channel I)	150	75
Regulated markets / Co-operative Societies (Channel II)	32	16
Wholesalers and Retailers(Channel III)	18	9

Farmers prefer channel I consisting of pre harvest contractors and sugar factories. The farmer is helpful to farmers by sanctioning the required advances and the sugar factories absorb the farmers' produce with the assurance of payment.

Reasons for selecting pre harvest contractors/ sugar industry as channel

Reasons	Mean score	Rank
Accurate Measurement	4.55	8
Availability of Credit	7.84	1
Less expensive	4.01	10
Less Commission	4.06	9
Convenient Sale	7.38	2
Low Volume of Rejection	6.96	3
Continuous Sale	6.17	5
Reasonable Sale	4.77	7
Less Risk	6.55	4
Immediate Payment	5.71	6

Though pre harvest contractors are expensive, farmers prefer this channel as they can avail credit from them for farm operations at times of need.

Reasons for selecting regulated market/ co-operative society as marketing channel

Reasons	Mean score	Rank
Accurate Measurement	7.23	2
Availability of Credit	6.94	4
Less expensive	4.02	9
Less Commission	4.45	8
Convenient Sale	7.17	3
Low Volume of Rejection	4.00	10
Continuous Sale	6.11	5
Reasonable Sale	5.34	6
Less Risk	4.66	7
Immediate Payment	8.09	1

Reasons for sale through wholesalers and retailers

Reasons	Mean score	Rank
Accurate Measurement	4.02	10
Availability of Credit	4.09	9
Less expensive	7.64	2
Less Commission	8.38	1
Convenient Sale	4.78	7
Low Volume of Rejection	4.13	8
Continuous Sale	7.41	3
Reasonable Sale	6.71	4
Less Risk	5.16	6
Immediate Payment	5.70	5

Relationship between the socio-economic characteristics of the farmers and their level of satisfaction about the marketing practices

Chi-square (x^2) analysis

Factor	Calculated value	Degrees of freedom	Table value	Level of significance	H _o accepted/ rejected
Age	82.63	8	15.51	5%	Rejected



Annual income	17.2	8	15.507	5%	Rejected
Acres of land	16.46	8	15.507	5%	Rejected
Present Market condition	238	12	21.026	5%	Rejected

Channel preference

The channel preferred by the farmers plays a pivotal role in increasing their level of satisfaction towards the marketing facilities. The better the channel they select, the better the marketing of their produce. For the purpose of analysis, the sample farmers have been categorized into three on the basis of their preference in selection of a channel viz., channel – I (Farmers – Pre harvest contractors / sugar factory – Consumers), Channel – II (Farmers – Co-operative societies/Regulated markets – Consumers and channel III (Farmers – Wholesalers – Retailers – Consumers), Channel preference by the farmers and the average satisfaction score of farmers towards the functioning of intermediaries is presented in the below table.

Distribution of farmers by the marketing channel preference and satisfaction scores

CHANNEL OF DISTRIBUTION	NO . OF FARMERS	TOTAL SCORE	AVERAGE SCORE
Pre harvest contractors/ sugar factory (Channel I)	150 (75)	4835	34.31
Regulated markets / Co-operative Societies (Channel II)	32 (16)	1014	31.79
Wholesalers and Retailers (Channel III)	18 (9)	611	31.31
	200 (100)	6460	32.30

The above table shows that the average satisfaction score of Group I farmers who preferred channel I is more than the other two groups. Hence, to test the significance of the difference in the average satisfaction score of the different groups of the farmers based on their channel preference, the analysis of variance has been applied.

Distribution of farmers by the channel selection and level of satisfaction - 'F' test

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Sources of Variation	Sum of Squares	Degrees of freedom	Mean Square	F – Value	Result
Between the Groups	562.169	2	281.084		~
Within the Groups	17118.83	297	57.639	4.877	Significant at 1% level
Total	17681.00	299		7.077	1 /0 10 001

The chi-square analysis is used to test the significance of relationship between the farmers according to the channel preferred and their level of satisfaction. The details of the findings are shown in the following table.

Distribution of farmers by the channel selection and level of satisfaction

Channels	Low	Medium	High	Total
Channel I	10(6.66)	50(33.33)	90(60)	150(100)
Channel II	12(37.5)	10(31.25)	10(31.25)	32(100)
Channel III	8(44.44)	5(27.77)	5(27.77)	18(100)
Total	30(15)	65(32.5)	105(52.5)	200(100)

It is clear from the above table shows that the farmers who prefer channel I (60%) with high level satisfaction is greater than that of the other two groups of farmers. The calculated value of chi-square (12.96) is more than the table value (9.488). Hence, the relationship between farmers with different channel preference and their level of satisfaction is sign.

Garrett ranking analysis

Apart from the above ranking analysis, to identify the significance of problems in marketing of agricultural produce, Garrett Ranking method is also used to rank the problems. By referring the Garrett Table, the per cent position estimated is converted into scores. Then for each problem, the scores of each farmer are added and then mean value is calculated. The problem having highest mean value is considered to be the first.

Garrett ranking analysis

S.No	Factors	Total Score	Mean Score	Rank
1	Price fluctuation	11479	57.39	I
2	Middlemen	11093	55.46	II
3	Heavy commission charges	10965	54.82	III
4	Lack of storage facility	10953	54.76	IV
5	Lack of market information	10830	54.15	V
6	Low price	10790	53.95	VI
7	Lack of government support	10713	53.56	VII
8	Absence of grading and standardization	10695	53.47	VIII
9	No regular payment	10448	52.24	IX
10	Inadequate finance	9489	47.44	X
11	Long distance to market	9465	47.33	XI
12	High transport cost	9460	47.3	XII
13	Indebtedness to traders	8943	44.71	XIII
14	Adulteration and mal practices	8459	42.29	XIV
15	Absence of co-operative society	7849	39.24	XV

The above table shows the calculations relating to the marketing problems faced by the farmers. The Table reveals the rank assigned by the number of farmers to the fifteen problems, total score values for each of the problems and the mean score under Garrett Ranking method. It clearly indicates that the 'Price fluctuation' has been assigned the maximum mean score (57.39) under Garrett's Ranking method.

Findings of the Study Profile of the Farmers

It is found that from the present study44 % of the farmers engaged in agriculture for more than 25 years, and 38 % of them have an experience between 20 - 25 years and 18% falls in the category of 10 - 20 years. So, majority of the farmers are engaged in the agriculture for more than twenty years.

Present Market Structure

It is found that 34 % of the farmers cultivate paddy and sugarcane, 22% of them grow only paddy, rest of the farmers engaged in the production of different combination of crops like paddy and banana, paddy, sugarcane and banana and sugarcane and banana. It is found that majority (75%) of the farmers prefer the pre harvesters to sell their produce who made advance payment to the farmers, 9% of them prefer to sell through regulated market or co-operative society and 16% of them prefer to sell through wholesalers and retailers.

Marketing Channels

Marketing channels consist of various agencies which perform different marketing functions. The sample farmers are not concerned with the distribution of their produce to the consumers. In the study area, the intermediaries play a dominant role as marketing is done through three marketing channels viz.,(i) Farmers – Pre harvest Contractors-Sugar Factory-Consumers (ii) Farmers – Regulated Markets / Co-operative Society – Consumers (iii) Farmers – Wholesalers – Retailers – Consumers.

From the present study it is found that the majority of the farmers prefer the channel through pre harvest contractors and sugar factory to sell their crops because of the reasons like credit availability, convenient sale, low volume of rejection, less risk, continuous sale and immediate payment. It is found that only few respondents (16%) have selected regulated markets and primary co-operative societies as their medium to sell their produce

Functioning of Middlemen

From the present study, it is found that farmers are satisfied about the functioning of middlemen with respect to convenient sale, price benefit and payment and settlement whereas majority of the farmers are not satisfied with the aspects of high commission charges, measurement, weighing, grading and higher volume of rejection.

IJMDRR E- ISSN –2395-1885 ISSN -2395-1877

Functioning of Regulated Market and Co-operative Society

It is found that majority of the farmers were satisfied about the functioning of primary agricultural co-operative society and regulated markets about the aspects of weighing, processing facilities and immediate payment whereas they are not satisfied about price fixation, commission charges, produce pledge loans, cold storage facilities, getting market information and gathering of traders.

Satisfaction Level of the Farmers about the present Marketing Facilities

From the present study, it is found that majority of the farmers were not satisfied with the existing transport facilities, grading and standardization (69%), commission charges paid to the middlemen (70%) and lack of market information (85%). It is found that 52% of the farmers receive the market information from the middlemen involved in the marketing process, 25% of them from other farmers and 20% of them from regulated markets and co-operative society.

Majority of the farmers were not satisfied with the factor 'Availability of Storage Facilities' From the present study, it is found that 40% of the farmers avail credit facilities through primary agriculture co-operative society, 42% of them from money lenders, rest of them secure credit facilities from commercial banks and regulated markets through produce pledge loans.

It is found that 58% of the farmers expressed 'lack of godown facilities' is the main reason for their forced sales and rest of them to meet their financial commitments. From the present study, it is found that nearly 68% of the farmers experienced their views as present marketing process is very complex and majority (83%) of them were not satisfied with the prices fixed for their produce. It is also found that 70% of them were not satisfied with the subsidies provided to them. It is found that majority of the farmers were not satisfied about the number of existing regulated markets and co-operative society.

Socio Economic Variables and Level of Satisfaction of Farmers

The result of chi-square analysis shows that there is a significant relationship between the factors like age, education, number of acres hold, market price, experience, annual income, expenditure and market condition and the satisfaction level of the farmers. However, the factor education did not have a significant relationship on the satisfaction level of the farmers in respect of the available marketing facilities.

Problems in Marketing of Agricultural Produce

From the present study it is found that many problems faced by the farmers in the process of marketing their produce through the Factor Analysis and Garatte Ranking Method. According to the magnitude of the marketing problems, the order of merit given by the sample farmers is converted into ranks. In these two ranking analyse it is found that 'Price fluctuation' is the most important problem with the highest mean score followed by high commission charges, lack of market information, low price for their produce, lack of government support and storage facilities.

Suggestions

- It is suggested that steps can be taken by the regulated market and the co-operative society to encourage the farmers to bring their produce directly to them in order to protect them from the exploitation of market functionaries. Under the regulated markets, its management should be vested with market committees in which the members would be producers, traders and officials of the marketing societies to deal marketing problems and they can extend the period of produce pledge loans to the farmers
- It is found that lack of storage facilities is an important problem faced by the farmers in the study area because of the perishable nature of many crops cultivated. Reduction of physical damage and quality deterioration in the agricultural products can be brought down through the appropriate storage facilities depending on the nature and characteristics of products and the climatic conditions of the study area. To this effect, a licenced storage and cold storage facility of various commodities is needed. So that the farmers can be protected from the forced sale and selling their produce at low price.
- It is also suggested that the middlemen, regulated markets and co-operative societies can take efforts to provide market information related to date and time of auction, gathering of traders through sms and digital displays. Market information centers can be opened by the government exclusively to provide market information to assist the farmers to know all details about the present market condition for all crops.
- It is found that the farmer needs to be trained in product planning i.e. crops and varieties to be grown, preparation of produce for marketing, malpractices and rules and regulations, market information, promotion of group marketing



etc., It is also suggested that proper training programmes can be arranged for farmers through the regulated markets, co-operative societies and agriculture extension centers.

- It is suggested that the Government should fix the Minimum Support Price for the crops. A thorough investigation should be conducted by the Government by considering the input costs of the produce. Also the Government should revise the Minimum Support Price for crops every year according to the increasing cost of cultivation.
- The regulated markets and co-operative societies can enhance their produce pledge loans and extend the period of retaining crops at godowns at low interest rate. It may help to reduce the financial burden of the farming community.
- It is suggested that the government can support the farmers to form separate committee for each crop at each village to encourage direct selling, to get better price for their produce and to protect them from the clutches of middlemen.

Conclusion

Marketing of agricultural produces always pose problems to the farmers. Though India is the leading agricultural country, still several problems are faced by the farmers in cultivation and marketing of agricultural produces. The present study focused on analyzing the marketing problems of farmers in Gobichettipalayam in Erode District. Price fluctuation has been identified as the major problem in marketing of agricultural produce. Farmers prefer to sell their produce mainly through pre harvesters and factories, wholesalers and retailers and few farmers through regulated markets and co-operative societies. Based on the findings of the study, several suggestions have been offered. It these suggestions are properly considered and implemented, agricultural marketing would certainly be improved in the study area and the standard of living of the farmers would definitely be improved.

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