

First, the evils of losses from Erosion-secondly the enormous potential value of habitation wastes-when treated by the activated compost method as at Bangalore or Indore. I am convinced that attention on these two matters would go far to remedy the difficulties at present being felt by the farmers of your country. My best wishes for the success of the Union.

AGRICULTURAL MARKETING IN INDIA

BY Dr. B. V. NARAYANASWAMY NAIDU, M.A., Ph D., B.Com., Bar-at-Law,

Professor of Economics, Annamalai University.

Importance of Marketing. The phenomenal fall in the price of agricultural produce in recent years has drawn pointed attention to the problems of marketing of agricultural produce in this country; and it can scarcely be doubted that among various other operative causes, national and international, the lack of proper marketing facilities in this country have an important share in bringing about this great landslide in prices. The fall in prices could have perhaps been minimised with better arrangements for marketing; at any rate it is beyond doubt that even in the most prosperous of times producers in this country were never able to get the maximum price for their products.

Disabilities of the peasant producer. It is a common phenomenon in this country to find the agriculturist trying to sell his produce as soon as the harvest is over even though the market is glutted with the same goods and the prices have fallen. He undertakes to do this since he has often to meet the insistent demands of his creditors, to pay the kist, or other seasonal obligations, or has no facilities for safe storage and hence he invariably sells at the lowest price and thus gets a very scanty return for his labours. This is not his only disadvantage; lack of standardised weights and measures, absence of grading, want of proper inspection of goods, secret settlement of prices by agents and brokers, have all gone against the interests of the producer. False and incorrect weights and measures are often used and the Punjab Banking Enquiry Committee found that out of 1,407 scales and 5,907 weights examined by them 69% of scales and 29% of weights were incorrect. Even if the weights and scales were correct the presence of a large variety of local weights and measures only tends to confusion and loss in marketing. Prices are often cut down on the ground that goods are not according to specifications and the absence of a proper system of inspection makes it difficult to locate the fault. The illiterate peasant is often deceived by the secret bargaining of agents and brokers since he is not in possession of detailed knowledge of the market. Large quantities of things are taken from him as samples without any payment. Another disadvantage he labours under is that he is asked in many towns and rural centres to pay a heavy impost for charities and various other purposes.

The place of Internal Marketing. These are a few of the difficulties of internal marketing ; and this is of paramount importance to the Indian producer in view of the fact that out of 1,200 crores to 1,300 crores worth of agricultural produce in British India the internal market accounts for more than a thousand crores while foreign markets take only 200 to 300 crores worth of agricultural goods. Let us now consider the difficulties of external marketing.

Defects of External Marketing. The most outstanding feature of external marketing is the lack of a well-directed and unified selling organisation. This has been detrimental to the indigenous seller in that the unsettlement in quality and specifications has often resulted in an ignorance in other countries of the real quality of his goods and their extent as well as in his getting much lower prices than his goods could otherwise have secured. Not only has there been no proper advertisement of his goods in foreign countries but an impression has even gained ground in other countries that India cannot supply high-grade products. This latter has been in some measure due to variations in specifications and manipulations of standards. Improved methods of advertisement, proper grading and branding of goods and the establishment of trade agencies in foreign countries are obvious remedies for these evils.

Essentials of Marketing ; Sellers' Co-operative Societies. These difficulties cannot be overcome without taking into account the essential functions of marketing viz., collecting and assembly, transportation, wholesale distribution, retailing, risk bearing and financing in all stages. The present wasteful method of individual selling of agricultural produce has to be given up in favour of collective and co-ordinated selling. This implies provision for improved credit and storage which can be best secured by the establishment of Agricultural Co-operative Marketing institutions. Having regard to the exceptional economic conditions of our country it can very well be realised that seller's co-operative organisations are more vital to the best interests of the people than even buyers' co-operative societies. This will prevent the dumping of agricultural produce in the market by the ill-informed and impecunious individual producer or the restriction of its supply and artificial raising of the prices by the moneyed speculator. The poor agriculturist need no longer sell his goods soon after the harvest for want of proper storage facilities. The selling organisation will help to get him credit till his goods are sold, store his products, and release them for sale at proper intervals. If we take rice for instance we find that though the demand for it is constant in provinces like Madras and Bengal, there is excessive supply and lowering of prices at some seasons and comparative scarcity and higher prices at other times. The sellers' association can advance money to the

cultivator on the security of his goods, provide for storage, and arrange to release the goods at favourable times.

The need for such organization. Apart from all these, such organisations can improve the merchandizing practices, help in the careful grading of commodities, provide for improved methods of advertisement, regulate the quality and quantity of supplies to different markets, increase the bargaining power of the farmer (for, an individual seller cannot bargain as effectively as the manager of a co-operative association which has in its control large quantities of agricultural produce) and eliminate trade abuses. This will no doubt tend to greater economy in marketing and serve to restrict the activities of the middleman. Thus the great need for establishing selling organisations becomes evident. Such associations may be formed for definite areas and linked together in a central organisation.

American Experiments. The present American experiments in co-operative marketing are of interest in this connection. By the passing of the Agricultural Marketing Act of 1929 the Federal Farm Board was established and stabilisation corporations were created which attempted stabilisation of commodity prices and price regulation. The Act provides, in addition, to give aid to farmers for forming co-operative marketing associations and the Board has given an impetus to the forming of national associations for each principal crop. The Board has advanced considerable funds for packing houses, elevators and warehouses and for mechanical equipments for storage.

Transportation. In any scheme of sound marketing transportation plays an important part since it is the price of the commodity at the customer's door that matters and not merely its cost of production. In the matter of agricultural marketing, the produce has to be taken from the rural areas to the nearest railway station, thence to the railway terminal and thence distributed to the consumers. Transportation not only gives additional value to agricultural products but it also adds time and place utilities to the commodities thus transported. Experience and enterprise have proved that certain things are produced best and most cheaply in certain areas though the need for them is widespread. Hence, amidst modern conditions, it is more economical to manufacture them in such areas and transport these goods to all those places where they are in demand and thus contribute to the good of the consumer as well as the producer. The most important agent of transport is the Railway and complaints have been widespread in this country that freights have been too heavy and facilities for transport inadequate. The Central Banking Enquiry Committee in their report say that it costs Re. 1-3 to send by rail a maund of wheat from Calcutta to Lyallpur while the freight from Australia to Calcutta is only six annas. This hampers the free flow of goods within the

country and indirectly sets a premium on imported articles. The importance of Railways in the marketing structure of a country can scarcely be overestimated in that the efficient and reliable service rendered by the railroad reacts on the actual and relative rates which determine the markets for various goods. So in foreign countries, various methods of transportation, viz., railroads, waterways and truck services are encouraged and special transportation services such as refrigerator cars, fast freight lines and express service make it possible for goods to be delivered quickly, cheaply, and in good condition. This widens the market for certain goods and prevents their reaching the destination a day after the fair. Therefore there is a great need in this country to improve communications, to increase transport facilities, and to decrease the freights.

Storage. Another important aspect of marketing is storage. Storage has been a necessity from the earliest of times in order to conserve the supplies of goods during times of plenty so that they may be utilised in times of scarcity. It helps to adjust seasonal production to the needs of continuous demand and acts, as it were, as a reservoir in order to insure an even supply to meet the recurring needs. Two methods of storage are in existence in other countries: (1) a chain of government warehouses, and (2) a licensed system of private storing houses. Of these, the system of private warehouses seems easier and cheaper to work. All important centres of agricultural production should have warehouses of their own which may be entrusted to reliable and capable men having the necessary accommodation and willing to furnish a reasonable security. Such warehouses should be licensed by a licensing board consisting of the representatives of government and of local business interests including agriculture. Warehouse receipts have been recognised as valid securities in other countries and therefore the financing of agriculture can be rendered easier by this method. Perhaps it may be objected that increased facilities for storage and warehousing may encourage restrictive and speculative activities; but this can be prevented by provision for a system of periodic release of produce by lots or rotation. Warehouses in the proximity of railway stations may be built by the railways themselves or by private agency with the help and encouragement of the Railway Board. With legislative sanction railway receipts giving full details of the goods deposited may even be used as negotiable instruments.

Grading, Standardisation and Simplification. Grading, standardisation and simplification of products come next in importance in the organisation of marketing. In the case of India, however, these are of utmost importance since she has yet to build up in other countries a reputation for the high quality and reliability of her products. Sales to foreign buyers can be effected only by the help of samples or by

description. Grading and standardisation give exactness to such descriptions and eliminate the possibility of error or misunderstanding. Standardisation seeks to introduce a uniform system of measurement of quality as well as quantity. The first aspect involves grading while the second secures a reliable system of weights, measures and specifications. Simplification tries to restrict the classification of goods into a few varieties as possible. The advantages of such processes are that the graded product secures for the producer the highest price that he can legitimately get, and enables him to create a demand for it and ensures to the purchaser the quality that he prefers. Branding helps the latter to identify the product that he wants. Needless to add that all these go to facilitate market finance operations.

State Action. Various measures in regard to these aspects of marketing have been adopted in America where the Federal Trade Commission and the Bureau of Standards have been attempting to establish certain definite standards. The Federal Pure Food and Drug Act has aided greatly to enforce the purity of food products. Nor have private agencies been behindhand in this direction. In this country also, fraudulent action has been sought to be prevented by Government but these attempts have been neither thorough nor systematic. A stringent enforcement of the Food Adulteration Act and the extension of the Madras Commercial Crops Markets Act of 1933 are much to be desired.

Marketing Finance. The importance of marketing finance has been widely recognised. Every marketing transaction requires funds and hence there is a great need for the expansion of mercantile credit in India. Proper financing of marketing operations can alone secure regularity of supply and adequacy of prices. The scope for such financing is very great in India in view of the limited facilities that banking offers in this country. In the United States of America one of the most recent types of specialised financial institutions is financing companies for the marketing of goods. A proper study of these methods will help the introduction of similar institutions in our country also.

Remedies. The lack of proper marketing facilities has been a great handicap to the Indian producer in this competitive age and a good deal has to be done to enable him to come to his own in the markets at home and abroad. The very grave handicap of indebtedness has to be removed by providing cheap capital and favourable terms for repayment. Attempts should be made to introduce standard weights and measures throughout the country. The cultivator has to be educated into a knowledge of the value of grading and standardisation so that he realises that only by these means his goods can fetch a higher price in foreign markets. Adulteration has to be stamped out and liberal provision made for the building of warehouses and

storage accommodation. Insurance of goods against various forms of risk has to be enforced, market financing fostered and developed and information regarding crop reports and market price quotations made available to the cultivator in his own vernacular so that he may be guided properly in his future action.

Responsibilities of Government and Public. A larger part of this work has to be shouldered by Government. Prevention of adulteration and enforcement of standardised weights and measures must be primarily the concern of Government. The Government must appoint provincial marketing officers to collect and co-ordinate marketing information and make it available to the producers. Government should also help to establish marketing boards in each province on a regional basis to work in co-operation with the marketing officer. In order that the producer may have a common place for discussion of such problems as finance, production and marketing, regional agricultural chambers have to be established. Thus, it is clear, that in the organisation or marketing in India the Government and the people have to take their proper share: the people by establishing co-operative sales societies and by co-operating in marketing boards and in the collection of marketing data and the Government by introducing penal and preventive legislation and by the appointment of marketing officers and by the provision of storage and transport facilities.

Conclusion. There are those who look with suspicion on every extension of Government activity and look upon it as an infringement of age-long rights. While half-hearted legislation and tinkering with one or two aspects of marketing is to be deprecated increasing interest of Government in the economic ordering of the people is to be welcomed. The days of laissez faire and individualism are long gone by and a progressive state can justify its existence only by keeping abreast of the increasing needs of the highly complex conditions of today; and in no direction is wisdom and right planning more necessary than in the organisation of agricultural marketing.

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