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RURAL DEVELOPMENT

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 realize 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 realizing 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 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 need for government intervention is imminent particularly when a large share of agricultural products, is handled by the private sector.

Agricultural marketing has come a long way with the intervention of the government in various forms. Some scholars argue that commercialization of agriculture offers tremendous scope for farmers to earn higher incomes provided the government intervention is restricted. What do you think about this view?