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Published by  
Integrated Publications,  
H. No. 3, Pocket - H34, Sector - 3  
Rohini, Delhi - 110085, India  
Toll Free (India): 18001234070  
Email: printintegrated@gmail.com



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Peer Reviewed & Refereed

# *Advanced Trends in* **COMMERCE AND MANAGEMENT**

Volume - 1

Chief Editor

**Dr. Anamika Tiwari**

Integrated Publications  
New Delhi

*Advanced Trends in*

**Commerce *AND***  
**MANAGEMENT**

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**Published By:** Integrated Publications

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H. No. - 3 Pocket - H34, Sector - 3,

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**Publication Year:** 2021

**Pages:** 83

**ISBN:**

**Book DOI:**

**Price:** ₹ 693/-

# Contents

<b>Chapters</b>	<b>Page No.</b>
1. Agriculture Marketing <i>(Shubhda Pandey and Dr. Anamika Tiwari)</i>	01-22
2. Impact of Innovation on Customer Satisfaction, Brand Image and Consumer Buying Behaviour <i>(Dr. Anamika Tiwari and Ankita Pandey)</i>	23-33
3. Applications of Artificial Intelligence in Commerce <i>(Bikramjit Choudhury and Tanisha Chakraborty)</i>	35-52
4. Dimensions of Organizational Structure for Organizational Management <i>(Dr. Taufiq Ahmad, Dr. Rifat Haneef, Dr. Deepa Rawat and Dr. Manoj Riyal)</i>	53-68
5. The Use of Big Data in Tourism: Current Trends and Directions for Future Research <i>(Belias Dimitrios, Sawsan Malik, Rossidis Ioannis and Chris Mantas)</i>	69-83

# **Chapter - 1**

## **Agriculture Marketing**

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# Chapter - 1

## Agriculture Marketing

Shubhda Pandey and Dr. Anamika Tiwari

### Abstract

Agriculture marketing is a series of interconnected activities involving planning production, growing and harvesting, grading, packing, transport, storage, agro and food processing distribution and sales. It can be best defined as a series of services involved in moving a product from the point of manufacturing to the point of consumption. Classification and standardization is a marketing function that facilitates product mobility. Grading is of many types. Grading makes it easy to market, by size, color, attributes and other categories of the product are known to both parties, and there is no need for the seller to guarantee the quality of the product. Storage is an important marketing function, which includes holding and storing goods from the time they are made until they are needed for use. Storage involves many risks. Processing is an important marketing function in modern marketing of agricultural products. Buying and selling is the most important activity in the marketing process. Financial marketing work involves spending money to meet the financial needs of agencies that perform a variety of marketing activities.

**Keywords:** Agriculture marketing, agro products, functionaries, finance and transportation

### Introduction

Any single work done in managing a product from where it is produced to a major consumer can be called a marketing activity. The marketing function can be anyone or a combination of three dimensions, i.e., time, space and form. The marketing activities involved in the delivery of goods from the manufacturer to its largest consumer vary from commodity to commodity, marketing to market, level of economic development of a country or region, and the final method of use.

**The marketing functions may be classified in various ways. For example,**

Thomsen has classified the marketing functions into three broad groups. These are:

- 1) **Primary functions:** Assembling or procurement Processing Dispersion or Distribution.
- 2) **Secondary functions:** Packing or Packaging Transportation Grading, Standardization and Quality Control Storage and Warehousing Price Determination or Discovery Risk Taking Financing Buying and Selling Demand Creation Dissemination of Market Information.
- 3) **Tertiary functions:** Banking Insurance Communications-posts & Telegraphs Supply of Energy.

**Electricity Kohls and Uhl have classified marketing functions as follows**

- 1) **Physical functions:** Storage and Warehousing Grading Processing Transportation.
- 2) **Exchange functions:** Buying Selling.
- 3) **Facilitative functions:** Standardization of grades Financing Risk Taking Dissemination of Market Information.

**Huegy and Mitchell have classified marketing functions in a different way. According to them, the classification is as follows**

- 1) **Physical movement functions:** Storage Packing Transportation Grading Distribution.
- 2) **Ownership movement functions:** Determining Need Creating Demand Finding Buyers and Sellers Negotiation of Price Rendering Advice Transferring the Title to Goods.
- 3) **Market management functions:** Formulating Policies Financing Providing Organization Supervision Accounting Securing Information Packaging is the first function performed in the marketing of agricultural commodities. It is required for nearly all farm products at every stage of the marketing process. The type of the container used in the packing of commodities varies with the type of the commodity as well as with the stage of marketing. For example, gunny bags are used for cereals, pulses and oil seeds when they are taken from the farm to the market. For packing milk or milk products, plastic, polythene, tin or glass containers are used.

Wooden boxes or straw baskets are used for packing fruits and vegetables. **Meaning of Packing and Packaging:** Packing means, the wrapping and crating of goods before they are transported. Goods have to be packed either to preserve them or for delivery to buyers. Packaging is a part of packing, which means placing the goods in small packages like bags, boxes, bottles or parcels for sale to the ultimate consumers. In other words, it means putting goods on the market in the size and pack which are convenient for the buyers. **Advantages of Packing and Packaging:** Packaging is a very useful function in the marketing process of agricultural commodities. Most of the commodities are packed with a view to preserving and protecting their quality and quantity during the period of transit and storage. For some commodities, packing acts as a powerful selling tool.

**The chief advantages of packing and packaging are**

- 1) It protects the goods from cracking, damage, leakage or pilferage while moving from production to the place of use.
- 2) The inclusion of other materials includes compression, which reduces bulk such as cotton, jute and wool.
- 3) It assists in the handling of goods, especially fruits such as apples, mangoes, etc., during storage and shipping.
- 4) Helps to identify quality, product classification, branding and marketing of products, e.g., Hima Peas and Amul butter.
- 5) Packaging helps to reduce marketing costs by reducing the cost of catching and reselling.
- 6) It helps to examine adultery.
- 7) Packing ensures product hygiene.
- 8) Label packaging facilitates the delivery of instructions to consumers on how to use or store goods. The label indicates the composition of the product.
- 9) Packing increases the final quality of products by providing protection from adverse weather effects, especially fruits, vegetables and other perishable goods.

**Transport:** The movement or distribution of products between locations is one of the most important marketing activities in all categories, i.e., from the barn to the point of use. Most goods do not eat where they are made. All agricultural assets must be imported from the farm to the local



markets and then transferred to the main wholesale markets, substandard markets, retail markets and finally to consumers. Income from factories should be transported to warehouses and from warehouses to retailers, retailers and finally to consumers (farmers). Transportation adds local service to goods. Transportation is an important marketing function. Its value has increased by living in cities. In terms of commercial development in any property or in any area of transport is sine QAnon. Trade and transportation go hand in hand; one strengthens and strengthens the other.

### **Benefits of transportation work**

#### **The main benefits of transport work are**

- 1) **Market expansion:** Transportation helps to create or expand markets by closing the gap between producers and consumers in different areas. Without transport, the markets would have been mostly local markets. An exchange of goods between different regions, regions, or countries would not be possible without this work. An example is the Himachal or Kashmir apple market. Manufacturers are mainly located in Himachal Pradesh and Jammu & Kashmir; but apples are eaten all over the country.
- 2) **Variation of reduced-price rates:** The movement of goods from overland areas to scarce areas helps to monitor inflation in the poorer areas and lower prices in the remaining areas thus reducing the area difference in prices.
- 3) **Employment creation:** The transport industry provides a large number of people through road construction, loading and unloading, transportation, etc.
- 4) **Facilitation of special cultivation:** Different parts of the country are suitable for different crops, depending on their soil and agroclimatic conditions. Farmers can specialize in the most suitable commodities in their area, and exchange their required imported goods at a cheaper price than their production costs.
- 5) **Economic transformation:** Transport facilitates economic transformation from the subsistence to the advanced commercial phase.
- 6) Industrial growth is encouraged by being fed raw materials produced in rural areas. Goods made from industrial to village or rural areas, too, can be removed.

- 7) **Movement of product:** Transport helps to increase the movement of the capital and staff from one place to another. Entrepreneurs find opportunities to invest in the country's newly opened areas, where profit prospects are high. In addition, transportation facilitates the migration of people looking for better paid jobs.

**Travel expenses:** Travel expenses are estimated at about 50 percent of the total marketing costs. It is higher when the product is transported by bulls than by other means. The efficiency of transportation depends on the speed and care at which the goods are moving from one place to another, the level of resources provided, and the level of care that is carried on the way to and from the terminals. However, there is a need to reduce travel costs. Factors affecting travel costs:

Some items remain the same, travel costs depend on the following factors:

- 1) **Distance:** With the increase in the distance at which goods are transported, the total cost of travel increases; but the cost of travel per unit of product decreases after a certain distance.
- 2) **Product quantity:** The cost of travel per item of goods is reduced by increasing the volume. It will be less if a full truck is available than it would be if only a few loads were transported.
- 3) **Travel route:** Travel costs vary with travel mode, e.g. Bull cart, tractor, truck, railway etc.
- 4) **Road condition:** Travel costs are lower than where highways or tarmac are built than in areas where roads are paved or where there are no roads at all.
- 5) **Products:** Travel costs per unit are higher for products with the following characters:
  - a) Extinction (e.g. vegetables).
  - b) Abundance (e.g., grass).
  - c) Weaknesses (e.g. tomatoes).
  - d) Inflammation (e.g., gasoline).
  - e) The need for a particular type of institution (for example, livestock and milk).
- 6) **Availability of return journey:** If goods are available and departure when the truck returns to the starting point, the cost of travel per unit is minimal.

- 7) **Risk associated:** Travel costs are less if the product is transported at the risk of the owner/sender than by risk when the product is transporting the product. Problems in the Transport of Agricultural Resources: Problems in the transport of agricultural goods are very serious due to the special factors associated with them; for example, product corruption, quantity, low availability, and large number of suppliers and consumers.

**The following are some of the key issues arising from agricultural exports**

- The travel routes used are slower.
- There is a lot of loss/damage to transport due to improper packaging materials, overloading and handling, especially fruits and vegetables, during loading and unloading.
- Travel costs per 100 rupees of farm produce are higher than those of other goods. This is due to its dynamic nature and widespread practice of settling cases by weight or volume rather than on the basis of its value.
- There is a lack of co-operation between the various modes of transport, e.g., trains and trucking companies. Some of the locations are not connected by train. The product is usually delivered halfway by train and partly by truck or other means of transportation.
- The multi-gear train system was a major problem in rail transport. However, now the country is looking at a uni-gauge system that does well on the marketing of farm products.

**Development suggestions:** The following are some suggestions on how to improve transportation services and reduce travel costs:

- The full capacity of the transport structure must be fully utilized. This will reduce the cost of each trip.
- Travel costs per quintal can be reduced by adjusting the flow rate in various ways. Currently, each agency charges what it prefers and not on the basis of any reasonable calculation of the cost factor.<sup>3</sup> Damage, damage, fracture and boating should be minimized during movement due to better handling, packaging and use of the appropriate types of vehicles.
- There should be a reduction in product flow restrictions between countries. If this happens, the time taken for transportation and the amount of fuel used will be reduced.

- Reducing bulk product by processing can help reduce travel costs. For example, milk can be processed into condensed milk, butter or ghee and fruit into juices.
- The speed and power of vehicles used for transport should be increased. This can be done by researching in the right places.

### **The speed and power of bulls can be increased by**

- a) The use of pneumatic tires instead of existing wooden and metal wheels.
- b) Use of springs in the vehicle axle.
- c) The construction of at least good climate zones in areas.

It must be respected that roads and railways are critical to infrastructure; therefore more social action is needed in their expansion. About 50 percent of the country's villages are still connected by roads. This exception, there are significant differences between the provinces. For example, in provinces such as Orissa, Rajasthan and Madhya Pradesh more than half of the villages still need to be connected by connecting roads. Railways, while able to transport agricultural commodities to great distances at high speeds, also have the problem of multi-gauge system, lack of vehicle capacity and congestion on trunk tracks. Therefore, for the entire public investment scheme, the development of this infrastructure should result in additional allocation.

**Planning and Standarding:** Classification and standardization is a marketing function that facilitates product mobility. Without making regulations the caveat emptor law (the consumer must be careful) rules; and there is confusion and unrighteousness as well. Suspension is a word used in a broad sense. The range of goods is set down first and then the goods are classified according to acceptable standards. Products are sorted according to quality specification. But if this quality specification varies from seller to seller, there will be a lot of confusion about its distance. The upper range for one vendor may be less than the second grade for another.

That's why consumers lose confidence in placement. To avoid this, it is necessary to have consistent standards of acceptance globally accepted and followed by all commercial operators. Definition: Legislation means setting standards for the various assets. Pyle described equity as the determination of basic boundaries in grades or the establishment of processes that are the means and means of producing, managing and selling goods and services. Standards are established on the basis of certain factors-such as weight, size,

color, appearance, texture, moisture content, basic length, quantity of foreign substances, ripeness, sweetness, taste, chemical content, etc.

These factors, on the basis of which the products are made into one, are called grade levels. Therefore, the measurement means making the quality details of the distances between the buyers and sellers over space and time. Measurement means the division of a different product into lots into different lots depending on the quality specifications set. Each assignment has similar features in terms of quality. It is a method of classifying products into specific groups or lots according to pre-set standards. Scheduling follows measurement. It is a work under suspension.

**Grading types can be done on the basis of fixed levels or flexible levels. It has three types**

**Authorized fixed/grading installation:** This means sorting the material by size, quality and other features with consistent standards. This varies from time to time and place. It is an obligation on a person to adhere to these standards if he or she wants to sell seized products. For a number of agricultural assets, distance levels have been adjusted by the Agricultural Marketing Advisor, Government of India, and it is compulsory to measure production according to these distance levels. People are free to change these standards. The use of compulsory standards is compulsory in the export of agricultural goods to various countries.

**Permissive/Variable grading:** Goods are classified under this category according to standards, which vary over time. The distance specification in this case is adjusted from time to time, but is changed annually depending on the quality of the product for that year. Under this method, individual grading options are allowed. In India, measurements in this way are not allowed.

**Mid-range and subdivision:** Based on the level of managem. The program can be divided into local and sub-level categories. Under a single grading system, an authorized packaging person sets up his or her own chemically-equipped laboratory or seeks access to an approved grading laboratory designed for government/co-operatives/organizations/NGOs. The placement in respect of goods such as ghee, butter and vegetable oils where extensive testing facilities are required for purity testing and quality assurance is placed under a central grading system. In this process, the Directorate of Marketing and Inspection uses close supervision in appointing accredited pharmacists by periodically evaluating metering channels and the quality of the combined product. The low-level planning process is carried

out by State Marketing Authorities under the full guidance and direction of the Directorate of Marketing and Inspection. This is followed by those goods that do not require the preparation of quality inspection tests. Examples are fruits, vegetables, eggs, grains and legumes. For these goods, the quality of the product is determined on the basis of physical characteristics.

**Benefits of share; evaluation offers the following benefits to different groups of people**

- 1) Grading makes it easy to market, by size, color, attributes and other categories of the product are known to both parties, and there is no need for the seller to guarantee the quality of the product.
- 2) Measurement expands the product market, so that purchasing is possible between groups located in remote areas of the phone without product quality testing.
- 3) Measurement reduces the cost of marketing by reducing the cost of physical product testing, reducing final losses, reducing its value, reducing advertising costs and eliminating management and measurement costs at all times.
- 4) Classification enables the farmer to-
  - a) Earning easy money when goods are stored.
  - b) Facilitating claims by rail and insurance companies.
  - c) Acquisition of product storage.
  - d) Access to market information.
  - e) Consolidating the production of different farmers.
  - f) Improving the quality of “storage” products by removing substandard goods in bulk.
  - g) Facilitate trade in certain goods.
- 5) Planning helps consumers find quality products at the right prices. It is easy for them to compare the prices of different types of product in the market. It reduces the risk of their purchase, because they will not get a cheap product at a given price. Ent exercised by government institutions in placing various products on the farm.
- 6) Classification contributes to market competition and price efficiency. Product homogeneity resulting from classification can bring the market closer to complete competition, promote price competition among retailers and reduce uncommon profits. Therefore, product planning is beneficial to all segments of society;

that is, manufacturers, retailers and product buyers. Progress in India to improve the quality of agricultural products in India, classification and marking were introduced under the Agricultural (Grading and Marking) Agricultural Act, 1937.

This action authorizes the Central Government to enact laws relating to grade level adjustments and procedures that will be adopted to measure agricultural assets included in the system. The 1937 Act was amended from time to time to expand its scope, so that more things could be included under changing circumstances. Initially, only 19 items were included for classification purposes; but now there are 153 assets in the system available at grade levels. Items included in the program are cereals, fruits and vegetables, dairy products, tobacco, coffee, oil seeds, edible oils, oil cakes, fruit products, cotton, sunn hemp, edible nuts, jiggery, lac, spices and condiments, essential oils, honey, besan, suji and maida.

The Agricultural Marketing Advisor to the Government of India (AMA) is the delegated authority to implement the provisions of the Act, and proposes appropriate remedies. The Central Agricultural Marketing Department (Directorate of Marketing and Inspection) retains some staff to inspect the grading area and to collect samples of seized products from various locations in the marketing process. Collected samples are tested and analyzed at the central Agmark laboratory or at other laboratories set up in different parts of the country to test whether the classified products comply with the quality standards set out in the Act. If the sample is below standard, the necessary legal action is taken against the group, and the combined product is removed from the market. Group license, also canceled.

**Storage:** Storage is an important marketing function, which involves holding and storing goods from the time they are made until they are needed for use. The latter is the use of human foresight when assets are protected from depreciation and residual assets during periods of surplus are carried over to deficits. Storage function, therefore, increases the use of time in products. Agriculture is characterized by large and unusual seasonal changes as well as year-on-year production. Consumption of most farm products, on the other hand, is stable.

This contradictory behavior of demand and supply makes it necessary for the bulk of the farm product to be held for a long time. Storage function is as old as the individual, and is performed at all levels of trading. Manufacturers hold part of their product on the farm. Traders keep it for profit. Plant processing holds a limited storage of their raw materials to run

their plants continuously. Retailers store a wide range of goods to meet the daily needs of consumers. Consumers, too, stockpile grain, depending on their financial status.

### **Storage of agricultural products is required for the following reasons**

- 1) Agricultural products are produced periodically, but are required for year-round use. Asset storage, therefore, from the time of production to the time of use, ensures a continuous flow of goods to the market.
- 2) Storage protects the quality of perishable and non-perishable products from spoilage; Some of the items, e.g., fur coats, have a seasonal requirement. To meet this need, constant production and maintenance is required; It helps to stabilize prices by adjusting demand and supply.
- 3) Retention is required for some time to perform other advertising activities. For example, a product must be stored until arrangements are made for its delivery, or during the purchase and sale process, or the weight of the product after sale, and during its processing by the processor.
- 4) Preservation of other farm products is required for ripening (e.g., bananas, mangoes, etc.) or for the improvement of their quality (e.g. rice, cucumber, cheese, tobacco, etc.).
- 5) Storage provides employment and income with value benefits. For example, middlemen keep grain for food by buying it at lower prices at higher prices and then selling it at other times when prices are higher.

**Preservation risks:** Storage of agricultural assets involves three major types of risks. These are:

- 1) **Mass loss:** Dangers of mass loss can occur during conservation due to the presence of rats, insects and insects, theft, fire, etc. Dehydration also leads to unavoidable weight loss. It is estimated that some ten million tons of grain are lost each year as a result of mismanagement and mismanagement.

**Deterioration of quality:** A second major risk factor in the finalization of farm products is the deterioration of quality, which reduces the value of stored products. These losses can occur as a result of insect and insect invasions, excessive moisture and heat or due to chemical reactions during the last days. Dehydration of fruits, vegetables and meat during storage can



reduce their sales value. Butter, if not properly stored, may be rancid, which lowers its sales value. The loss of quality of farm products varies in their quality during storage, storage method and storage time.

**Price risk:** Again, this is an important risk involved in storing products on the farm.

**Practice:** Processing is an important marketing function in modern marketing of agricultural products. More than 100 years ago, it was a less important occupation in advertising. Most of the farm products are sold in an unprocessed manner and much of the processing is done by the consumers themselves. Currently, consumers rely on processing most of their needs. Many technological changes have taken place in the past, such as refrigeration, modern methods of grinding and baking food grains, new ways of processing dairy products and modern methods of packaging and storage. These technological changes have had a profound impact on the quality of life of consumers, economic and social organizations, and the growth of trade in the country. **Meaning:** The processing function involves changes in the form of an asset. This function includes all those production functions that change the basic type of product. Processing converts raw materials and brings products closer to human consumption. It is about adding value to a product by changing its form. **Benefits:**

The processing of agricultural products is important because very few farm products-milk, eggs, fruit and vegetables-are consumed directly by the producer-the farmer. All other products must be processed into a workable form. Processing is important, both for traders and retailers. It increases the value of the producer's income by controlling the supply compared to the current need. It makes it possible for the consumer to have articles in his preferred form.

### **Some of the benefits of the processing work are**

- 1) It converts raw foods and other farm products into edible, usable and delicious varieties. The value added by processing to the total value produced at the farm level varies from product to product. About 7 percent of rice and wheat, about 79 percent of cotton and 86 percent of tea. It is often higher in commercial plants than in food crops. Examples of products in this group are: sugarcane processing to make sugar, gur, candies; processing of oil seeds for oil production; flour milling; paddy processing in rice; and the conversion of raw mangoes into cucumbers.

- 2) The process of processing enables us to store perishable and non-perishable agricultural products that could be used and to facilitate the use of the remaining product for one season or year. Examples of product processing in this group are: drying, lubrication and processing of fruits and vegetables, frozen goods, milk conversion to butter, ghee and cheese and meat treatment with salt/smoking.
- 3) The processing function creates a function. Baking industry, bakery, cooking and distilling industry, confectionary industry, sugar industry, oil mills and rice mills provide employment to a large part of the community.
- 4) Process processing satisfies customer needs at a lower cost. When done at a consumer's door, it's more expensive than if done by a company on a larger scale. Processing saves consumers time and frees them from all the problems and relationships found in use.
- 5) Continuity serves as a component of other marketing activities, such as travel, storage and sales.
- 6) Processing grows the market. Used products can be exported to distant and overseas markets at low cost.

**Buying and Selling:** Meaning: Buying and selling is the most important activity in the marketing process. At all stages, buyers and sellers come together, goods are transferred from seller to buyer and goods are added to items. The number of times a sales and purchase process takes place depends on the length of the marketing channel. In a very short station where no one is involved, this work is done only once, that is, the producer or farmer also sells and buys the buyer. Usually, however, on farm goods, sales/purchase operations are performed each time the product is transferred from the farmer to the main seller, from seller to seller, and from seller to buyer. Purchasing activity involves purchasing the right goods at the right time, at the right time, in the right quantity, and at the right price. It includes purchase issues, when to buy, where to buy, how to buy and how to pay the purchase terms and conditions. The sales function includes personal or non-personal assistance or persuasion, a potential buyer to purchase something. The purpose of the sale is to dispose of the goods at a reasonable price.

Product prices, especially agricultural commodities vary depending on the area, time and quantity to be sold. Sales, therefore, include the issues of when to sell, where to sell, who to sell and where to sell in the same field or in certain categories.

**Methods:** The following methods of buying and selling farm products are very common in Indian markets:

- i) Under Hatha System in this way, product prices are charged by the consumer and the seller commission agents by pressing/twisting each other's fingers under the fabric cover. The code symbols are associated with the twisting of the fingers, and traders are aware of this. Negotiations in this way continue until the final price is paid. Once all buyers have made their offerings, the name and price of the highest buyer is announced to the seller by the commission agent. This program provides opportunities to deceive the seller, because the seller does not know about the price offered to other buyers; the commission agent may not transfer the various prices to the seller, and may strike at an agreement in favor of the lower bidder. This method has been banned by the government because of possible cheating, although it is still being used in some markets.
- ii) **Independent negotiations:** In this way, the prices are set accordingly. This method is common in unregulated markets or in village markets. Under this approach, each buyer comes to the commission agents' stores at the latest and offers product prices, which they consider appropriate after the sample test. Once the price is accepted, the commission agent passes the decision to the seller, and the product is delivered, after measurement, to the buyer. Even in the villages, private negotiations take place directly between the buyer and the seller. Vendors take a sample to the buyer and ask him to quote the price. If acceptable to the consumer, an agreement is reached. This, however, is a slow and time-consuming process and is not appropriate if it is necessary to sell large quantities or a large number of buyers in the market. The beauty of this method is that the seller gets a good price, because the buyers do not know about the price offered by other buyers. Therefore, each consumer tries to bid the highest bid for the product.
- iii) **Quotations on samples taken by the commission agent:** In this way the commission agent delivers the product sample to the consumer's shops instead of the consumer going to the commission agent's shop. Price is provided, depending on the sample, by potential buyers. The commission agent makes many rounds of potential buyers until no one is willing to charge a higher price than that offered by a particular buyer. The product is given to the one whose bid has always been the highest.

- iv) **Dara Sales Method** In this way, a product with different lots is mixed and sold as a single lot. The advantages of this method are that, in the short term, a large number of lots are sold. Too bad the product of good quality and one of bad quality fetch the same amount. There is therefore a loss of incentive for the farmer to cultivate high quality products. This method is common in plants such as zeera in most of the country's markets.
- v) **Moghum's marketing method:** In this way, the sale of a product is done on the basis of an oral agreement between buyers and sellers without charge, but with a clear understanding that the price of the product to be paid by the buyer to the seller will be on the market on that day. This approach is more common in rural areas, since farmers owe money to local creditors. Usually the consumer pays less than the market value available to the poor-quality product ambassador.
- vi) **Open auction method:** In this way, potential buyers gather at the commission agent's shop around the product, inspect it and offer bids aloud. The product is given to the buyer after obtaining the permission of the seller. This method is preferred to any other method because it ensures the right transaction for all parties, and because farmers with high product quality receive a higher price. In most regulated markets, product sales are allowed only through an open auction.

#### **The following are eligible for an open auction**

- a) Selling in this way raises the confidence of buyers and sellers. The dealer is able to follow the bidding easily.
- b) The auction serves as a meeting place for delivery, as well as demand for goods.
- c) Discards the market supply immediately.
- d) A variety of goods are available for consumers to choose from.
- e) My auction reduces the number of vendors required for this process.
- f) Smallholder buyers who are at risk when buying large lottery buyers.
- g) All categories interested in the sale and purchase are well aware of the prices and can make informed decisions regarding the sale and purchase of agricultural assets.
- h) Payment of goods is made immediately after the sale once the auction is completed.

### **The disadvantages of this open auction system are**

- a) The auction process requires more time for the buyer and seller, as they have to wait for the date and time of the auction. Open auction is a very time-consuming process due to the quality variation of the various lots.
- b) In large market centers, especially during peak sales, the auction time is short. Both buyers and sellers are in a hurry. As a result, retailers may receive lower prices.
- c) At an open auction, buyers sometimes meet by hand. Active participation in it is reduced.
- d) Auction leads to a “consumer market”, because consumers have complete information about the offer, and the demand for the product. Some of the problems arising from an open auction approach can be overcome if agricultural imports are accepted by farmers. This will reduce the time involved in evaluating and bidding each site separately, and will lead to increased efficiency of the marketing system.

### **Three types of open auctions are common in various markets. These are**

- a) **Phar phar auction open system:** In this way, one bid is given for all lots in a particular store and all lots are sold at that price. One of the worst situations of this method is when a single product bid is offered across the market.
- b) **Random bidding auction open:** In this way, the commission agent invites a few buyers when the product is brought to his store for sale. All potential buyers are notified. As a result, competition is poverty. In some cases, a commissioner informs only those customers who may be his relatives or who he wants to commit to. Bidding can continue simultaneously in many areas to reduce competition.
- c) **Open auction roster bidding program:** This is a formal open auction. Bidding starts from somewhere in the market at a notable time where prospective buyers are given details in advance. This eliminates the shortcomings of the previous two open auction avenues. A bidding party, after a product has been sold in one store, moves on to the next in a clock-oriented or non-clockwise way until the product auction in all stores is over, or the scheduled auction term ends. The next day, the auction starts from the next location, and so on. This method is in vogue in most regulated markets. The auction is supervised by the auctioneer or person appointed by the marketing committee.

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**Close bidding process:** This method is similar to an open auction system, except that bids are invited in the form of a nearby tender and not by an open announcement. The product displayed in the commission agent's store is assigned to the share numbers. Prospective buyers visit stores, check out lots, donate a piece of paper they want to buy on paper, and place a slip in a closed box lying on the commission agent's store. When the auction period is over, the receipts are sorted by number, and the highest bidder is notified by the commission agent that his or her bid has been accepted and that he or she must deliver the product.

Some regulated markets have adopted this method of marketing, which is time-saving and includes minimal physical activity. It is not possible to meet between buyers because each quote the price on the basis of his or her individual assessment of profit margins, taking into account current market prices and other secondary markets. The effectiveness of this approach depends on the performance, as well as the management of market committee officials. The methods used for the sale of agricultural goods in Indian markets vary from market to market and also from commodity to commodity. However, in regulated markets, whether an open auction or a closed tender system is widespread. In Tamil Nadu buyers have taken a closer look at tenders, which, allegedly, are faster and more likely to offer a higher price to a farmer than an open auction.

**Financial beginning:** There is a long interval between production and consumption. Between these two points, property ownership changes frequently—a fact that requires financial planning. The Middlemen need money not only for the purchase of shares, but also for the various sales activities, such as processing, storage, packing, transporting and grading. Financial marketing work involves spending money to meet the financial needs of agencies that perform a variety of marketing activities. No business can happen these days without financial support from other agencies because the proprietary funds available to manufacturers and market vendors (such as retailers, retailers and processors) are inadequate. Financial demand increases with rising commodity prices and the cost of performing various marketing services. In the words of Pyle: "Money or debt is the lottery that helps a marketing machine". Factors Affecting the Major Needs of an Agricultural Marketing firm: The financial requirements of a commercial agency for its marketing business vary in the following aspects:

- i) **Nature and value of business:** The financial needs of trading high value crops such as cumin, pepper, cotton and oilseeds are higher than those of the grain trade. And in the wholesale business too, financial requirements are higher than for retail businesses.

- ii) **Importance of big stock management:** It is important to run large stocks throughout the year, of goods that are produced periodically and fully marketed.
- iii) **Business continuity at various intervals:** If the business continues throughout the year, the financial requirements will be greater than the business will only be conducted for a period of time.
- iv) **Time required between production and sales:** Some goods are sold immediately after production-perishable, for example-while others are added later for example, rice and cheese. The financial requirements for marketing the latest assets, are therefore high.
- v) **Purchase and Purchase payment terms:** The terms of the transaction-whether the payment will be in cash, credit or installment-affect the financial needs of the retailer.
- vi) **Depreciation:** Financial requirements are higher for assets that meet price fluctuations more often than assets that are subject to irregular price fluctuations.
- vii) **Risk potential:** The financial needs of market participants vary according to their risk potential. The average person with less risk is often fenced off, and requires less money than the average person who puts themselves at risk.
- viii) **Common economic conditions:** During a recession or economic downturn, financial needs grow. The trading agency should hold the shares for a long time in anticipation of a price increase. In addition, the recovery of old debts tends to slow down. Whenever, therefore, when a new product is introduced, the retailer needs more money temporarily until its need goes into the economy.

Marketing fees required by medium retailers are of two types - fixed real estate, buildings (shops and godown), equipment and equipment (weighbridge, measuring equipment, etc.), and operating costs required to meet marketing costs, purchase value, and employee salaries. The share of operating expenses is higher than the fixed income. It is also necessary to make arrangements to subsidize farmers during the production and marketing of their products.

This is necessary to improve their grip capabilities and to avoid post-harvest product sales at lower market prices. Due to their critical financial needs, many farmers sell their crops-fruit, for example or borrow money in advance from local vendors/commission attorneys against their crops and commit to selling the crop through a seller/commissioner. This

looks at their freedom to sell the product in open markets. To improve the financial situation of farmers and to strengthen their grip capacity, the following steps have been taken by government.

- i) Since July 1969, with national inclusion, commercial banks have begun to subsidize the agricultural sector with large sums of money and are meeting the growing needs of farmers for production purposes.
- ii) Co-operatives, which have also developed into agricultural finance. An integrated credit and marketing plan has been introduced. Under this scheme, credit unions can identify their liabilities, as well as the interest earned on them, through direct acquisition of the product in close proximity to the Co-operative Marketing Societies. This can make product payments to the farmer after deducting the amount he wants. Rapid progress has been made in this area.
- iii) With the development of warehouses in the country, farmers can now meet 70 to 80 percent of their credit needs by storing the product. Banks are expanding their subsidies to farmers in defiance of a mortgage receipt loan. The program has alleviated the financial problems of farmers and market traders. As a result, the tendency to sell the product immediately after harvest had to be evaluated. However, it has achieved only limited success. As long as the interest rate continues to be higher than the annual inflation rate, storage cannot be a profitable proposal.

**NABARD agricultural marketing funds:** The National Bank for Agriculture and Rural Development (NABARD) was established as a top organization in the rural finance sector. Provides re-funding to financial institutions to support various agricultural and rural development activities. In addition to providing financial resources for agricultural production, NABARD also provides financial institutions to financial institutions for infrastructure development, co-marketing, building warehouses and cold stocks, construction of transport facilities, construction of market yards and the operation of farm products.

**The financial resources available from NABARD in the agricultural marketing sector are**

- i) **Product marketing:** INABARD provides funding to co-operative government banks in the form of temporary credit limitations to assist co-operative commercial communities to assist members in marketing their product at affordable prices and to enable them to repay their dues to major credit unions.



- ii) **Construction of godown and storage:** NABARD provides financial support for godowners and cold stocks.
- iii) **Market yard construction:** INABARD provides financial support for the construction of market yards in partnership with other banks. This includes the construction of various facilities on the market premises such as the construction of shops, a platform, restrooms, bars, banks and post offices.
- iv) **Transport:** INABARD provides funding for capital vehicles, handcart and other commercial transport and inputs from fields to markets.
- v) **Establishment of processing units:** INABARD provides financial support for agricultural processing units such as rice mills, flour mills, oil mills, fruit and vegetable processing as well as gurs and candies.

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