

# Production and Marketing of Agricultural Crops in Rural Areas of Madhya Pradesh

Rajendra K. Nagesh  
JLNM College, Sohagpur District Hoshangabad (M.P.)

## Abstract

The production and marketing of agricultural crops play an important role of developing countries. It is also accelerating the pace of economic development. It is not only an economic link between the producers and consumers; it maintains a balance between demand and supply. The study examined the production and marketing of agricultural crops through rural markets and the price structure of different crops in rural markets of the Hoshangaabad District. It also highlighted the composition and structure of sellers and traders engaged in the marketing process. Local rural markets are the best option for the marginal and small farmers to dispose of their perishable surplus to get quick returns. Due to the lack of good infrastructural facilities in the study area, most of the farmers prefer local rural markets instead of going to the specialized markets or near-by town area. The average price of the individual crops also varies from market to market due to the various socio-spatial factors. The average participation of crop producer sellers have been recorded high due to the main Mandi is well connected to rural areas, private warehouse available, selling in Madhya Pradesh co-operative society where every 20 km radius in the study area.

**Keywords:** Production, Marketing, Agricultural crops, Rural markets

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## 1. Introduction

Crop production is a branch of agriculture that deals with growing crops for use as food and fibre. Livestock production systems can be defined based on feed source, as grassland-based, mixed, and landless (Sere, Steinfeld and Groeneweld, 1995). The major agricultural products can be broadly grouped into foods, fibers, fuels and raw materials. Food classes include cereals, vegetables, fruits, oils, meat, milk, fungi and eggs. The marketing is the performance of all business activities involved in the flow of goods and services from the point of initial agricultural production until they are in the hands of the ultimate consumer (Khols, 1967). Agricultural marketing system in broader terms may be defined as physical and institutional setup to perform all activities involved in the flow of products and services from the point of initial agricultural production until they are in the hands of ultimate consumers. It is through the marketing systems that goods articulate and complete the circle from production to ultimate consumption. Produce change hands from the point of production to the destination of ultimate consumption. The longer the route from production to consumption, the higher becomes the price range of goods. Higher the price range lesser is the profit of the primary producer. Marketing for consumption starts from wholesalers to consumers through retailing. However, the nature of the system will vary according to the type of produce. Goods produced in factories need a different marketing system. In this case, the process of collection is very short as the goods are produced in large quantity at a single point. It needs a chain of agencies, wholesalers, distributors and retailers, etc. In case of agricultural products, the process of collection may need a longer chain. It is because agricultural production is scattered. From farm to wholesalers, there is a wider spatial gap. Most agriculturalists produce a small surplus. The need for providing adequate incentives for increased production is, therefore, very important, and this can be made possible only by streamlining the marketing system (Acharaya & Agarwal, 2010). Agricultural produce may reach the collection point through farmers themselves, through small traders who act as collecting agents, through these rural markets, through public collecting agencies, etc. It is here that the role of these small but effective trading points is highlighted. These markets, therefore, act as magnets for attracting horizontal and vertical trade. Through horizontal trading, the process of collection starts. The process of collection and distribution of goods is organised through what is termed as marketing system (Shrivastava, 2008). An efficient marketing system ensures higher levels of income for the farmers reducing the number of middlemen or by restricting the cost of marketing services and the malpractices. It guarantees the farmers better prices for farm products and induces them to invest their surpluses in the purchase of modern inputs so that productivity and production may increase. This again results in an increase in the marketed surplus and income of the farmers. If the producer does not have an easily accessible market-output where he can sell his surplus produce, he has little incentive to produce more.

## Objectives of investigation

Taking into consideration the importance of agricultural marketing system in developing economy, the study has been undertaken with the following objectives:

- 1 To highlight the price structure of different crops in rural markets.
2. To examine the composition and structure of sellers and traders engaged.
3. To analyse the crops area and production of agriculture crop of Madhya Pradesh

### Study area

Hoshangabad district lies in the central Narmada Valley and on the northern fringe of the Satpura Plateau. It lies between the parallels of 22° 15' and 22° 44' north. In shape, it is an irregular strip elongated along the southern banks of Narmda River. Its greatest length from south-east to north-east is 160 kms. Northern boundary of the district is river Narmada. Across this the district of Raisen and Sehore lies (Nagesh, 2017). The district of Betul lies in the south, where as the Harda district faces with the western and south-western boundaries and Narsingpur and Chhindwara districts, close to the north-eastern and south-eastern sides of the district respectively. Pachmarhi is a hill stations in the Satpura range of hills.

### Methodology

The study is entirely based on primary source of data collected through field survey in the year 2009-14 through direct questionnaire method using stratified random sampling technique. The rural market of Bankhedi, Pipariya, Sohagpur, Babai, Hoshangabad, Itarsi, Kesala and Sivani Malva district Hoshangabad (M.P.) has been selected for detailed study and from each rural market and farmers, 50 percent commodity-wise sellers, traders and farmers were interviewed for detailed information regarding transaction, marketing channels, price of different agricultural crops and the composition and structure of sellers and traders. The secondary data were collected from directorate of Land record and settlement, Madhya Pradesh Gwalior and Madhya Pradesh Mandi Board, Bhopal (M.P.)

### Observation

The analyzing the kharif crops acreage and production data for the last five years in Madhya Pradesh, the results were obtained as follows - Paddy acreage was 1603.3 thousand hectares in the year 2009-10 and the production was recorded only 1362.5 thousand tons whereas the year 2011-2012 In 1662.0 thousand hectares, 2227.3 thousand tonnes have been recorded. Paddy crop has been recorded to increase in crop area and production in the coming years. Data shows that paddy cultivation is dependent on water facilities. In previous years this crop was dependent on rainfall, while the effect of government schemes increased rice production and production in the coming years. Crop area and production of Jowar, Maize, Moong and Sesame have been recorded in decreasing order (Table-1) as to why its cultivation is produced at places with less water or less irrigation. The Government of Madhya Pradesh has expanded the irrigation facilities through its schemes, due to which the area under the crops is steadily decreasing. Crop area of soybean where the production was 5453.7 thousand hectares and production was 6427.9 thousand tons in the year 2009-2010, which increased to 6186.4 thousand hectares and the production increased to 8416 thousand tons in the year 2012-2013 (Table-1), production of this crop also on rainfall Based on the year in which the rainfall is continuous for a few days, then the production of this crop decreases as seen in the year 2013-2014. Other crops did not achieve much difference (Table-1). The result of crop area and production of Rabi crops in the last five years at the Madhya Pradesh level is recorded as follows - Wheat acreage was 8872.7 thousand tonnes in 4471.1 thousand hectares in the year 2009-2010, which has now increased to 15522.6 thousand hectares in the year 2013-2014 And production reached 26717 thousand tonnes (Table-1). Similarly, a continuous increase in other crops like gram, pea and sugarcane has been recorded, mainly due to irrigation facilities, availability of electricity. Normal growth in other crops has been recorded (Table-2).

In the rural markets, the prices of commodities are affected by the location of markets, characteristics of the hinterland, nature of demand, supply of goods, durability of commodities, accessibility and transportation cost. Table-2 highlights the average five year retail prices of major agricultural crops, during 2009-14 in the Bankhedi, Pipariya, Sohagpur, Babai, Hoshangabad, Itarsi, Kesala and Sivani Malva rural markets. The average price for Paddy ₹1021, Jowar ₹969, Maize ₹898, Tuar ₹3180, Urda ₹3328, Moong ₹3500, Soyabeen ₹1514, Groundnut 2520, Sesamum ₹3140, Cotton ₹2930, wheat ₹1128, Baraly ₹634, Gram ₹2560, Lentil ₹2130, Mustard ₹1952, Flax ₹1520, and Sugarcane ₹140/100 kg respectively. The average price of individual crop also varies from market to market. It is mainly due to the several factors like location of market, nature of supply and demand, road connectivity from cultivation area, characteristics of the market hinterland, transportation cost, seasonal effects, and the socio-economic condition of market participants. Apart from these, there are many more socio-spatial factors, which affect the price structure of these agricultural crops in the rural markets.

**Table-1 Crop area and production of Kharif and Rabi Crop**

Crops	2009-2010		2010-2011		2011-2012		2012-2013		2013-2014		Total Crop area	Total Production
	Crop area	Production	Crop area	Production	Crop area	Production	Crop area	Production	Crop area	Production		
Paddy	1603.3	1362.5	1583.7	1773.5	1662.0	2227.3	1801.40	3113.00	1929.98	5360.91	8529.37	13802.75
Jowar	497.7	594.5	467.2	598.5	428.5	599.3	306.39	601	253.14	370.97	1952.93	2764.27
Maize	848.8	1340	862.8	1287.4	823.4	1026.6	865.4	2388.5	845.6	1487	4246	7529.5
Tuar	328.8	257.4	642.1	205.6	534.9	334.2	458.4	318.5	464.05	331.96	2428.25	1447.66
Urad	570.3	214	557.2	214.6	551.4	148.8	624	256.2	585.1	218.6	2888	1052.2
Moong	75.1	25.5	85.1	31	84.6	21.3	73	28.5	89.5	40.3	407.3	146.6
Soyabean	5453.7	6427.9	5552.2	6776.8	5669	6280.6	6186.4	8416	6164.4	4517.3	29025.7	32418.6
Groundnut	210.4	254.2	203.5	305.3	213	344.6	224.5	357.5	199.2	312.4	1050.6	1574
Sesamum	320.9	140.1	360.8	178	294.9	154.9	289.4	145.1	266.93	158.08	1532.93	776.18
Cotton	630	404	593.2	519.1	623.8	1029.58	606.6	1173.28	514.2	1089.35	2967.8	4215.31
Wheat	4471.1	8872.7	4645.2	9227.2	14544.4	27466	16517.9	29558	15522.6	26717	55701.2	101841
Baraly	150	194.9	153	197	161.6	276	80.8	108.8	86.75	150.21	632.15	926.91
Gram	3013.9	3221.3	2888.4	2265.6	3043.7	3290.3	2722.36	3321.09	3488.34	4187.56	15156.7	16285.9
Masoor	520.4	272.6	698.8	201.9	587.1	215.7	511	296.9	530.1	338.33	2847.4	1325.43
Mustard	769.9	805.2	726.9	819	663.6	790	704.4	962.46	762.03	752.88	3626.83	4129.54
Flax	107	48.6	94.5	33.4	91.3	47	88	48.3	110.3	55	491.1	232.3
Sugarcane	18.7	60.6	24	77.2	49.7	196.8	54.1	276	73.1	361.3	219.6	971.9

Source- directorate of Land record and settlement, Madhya Pradesh Gwalior

**Table- 2 Marketing of Kharif and Rabi Crop**

Price- ₹/100 kg

Crops	2009-2010		2010-2011		2011-2012		2012-2013		2013-2014		Average Producer Sellers	Average Non Producer Sellers
	Producer Sellers	Non Producer Sellers	Producer Sellers	Non Producer Sellers	Producer Sellers	Non Producer Sellers	Producer Sellers	Non Producer Sellers	Producer Sellers	Non Producer Sellers		
Paddy	1050	940	1000	850	1080	975	1250	1140	1310	1200	1138	1021
Jowar	840	730	1030	835	1110	1050	1160	1080	1310	1150	1090	969
Maize	840	720	880	730	980	860	1175	1030	1310	1150	1037	898
Tuar	2300	1800	3500	3200	3700	3300	3850	3500	4300	4100	3530	3180
Urad	2520	2200	3400	3100	3800	3540	4300	3800	4300	4000	3664	3328
Moong	2760	2200	3670	3250	4000	3760	4400	4140	4500	4150	3866	3500
Soyabean	1390	1200	1440	1220	1690	1430	1850	1520	2560	2200	1786	1514
Groundnut	2100	1700	2300	2000	2700	2200	3700	3200	4000	3500	2960	2520
Sesamum	2850	2280	2900	2500	3400	3000	4200	3820	4500	4100	3570	3140
Cotton	3000	2700	3000	2650	3000	2700	3300	2900	4000	3700	3260	2930
Wheat	1100	950	1170	1050	1285	1150	1350	1240	1400	1250	1261	1128
Baraly	680	550	750	600	780	620	980	850	980	850	834	694
Gram	1740	1600	1760	1620	2100	1900	3000	3800	3100	3880	2340	2560
Lentil	1870	1700	1870	1700	2250	2000	2800	2500	2900	2750	2338	2130
Mustard	1830	1680	1830	1680	1850	1700	2500	2200	2800	2500	2162	1952
Flax	1375	1200	1575	1300	1675	1400	2200	1800	2300	1900	1825	1520
Sugarcane	129.84	110	139.12	120	145	130	170	150	210	190	158.792	140

Source- Questionnaire and Madhya Pradesh Mandi Board, Bhopal

Rural markets are generally a system of direct marketing, which is essentially economical for both producer sellers and consumers. In these markets, there are two types of sellers i.e. producer seller and non-producer seller or village trader. The producer who gets higher price for their commodities realizing middlemen's profit, sell relatively at lower price than the retail price prevailing in near-by town markets (Khan and Khan, 2012). The selling traders, though not getting similar profit as the producer seller, also get handsome profit. It is because he brings the commodities from the villages at lower price (Khan, 1991). Table-2 reveals the participation of producer sellers and non-producer sellers to the crop sellers in the selected rural markets. Out of crop sellers and traders present in the selected market, the non-producer sellers have recorded low participation whereas the crop producer sellers share is high. The average participation of crop producer sellers have been recorded high due to the main Mandi is well connected to rural areas, private warehouse available, selling in Madhya Pradesh co-operative society where every 20 km radius in the study area. They sell different crops into the rural markets for their livelihood or to supplement their income to sustain their lives.

### Conclusion

Crop area and production of Jowar, Maize, Moong and Sesame have been recorded in decreasing order. Paddy crop has been recorded to increase in crop area and production in the coming years. Wheat acreage was 8872.7 thousand tonnes in 4471.1 thousand hectares in the year 2009-2010, which has now increased to 15522.6 thousand hectares in the year 2013-2014 And production reached 26717 thousand tonnes. The study of agricultural marketing in the study area shows that most of the agricultural surplus is marked within the district itself. Local rural markets are the best option for the marginal and small farmers to dispose of their perishable surplus to get

quick returns. Due to the lack of transportation and infrastructural facilities, most of the farmers prefer local rural markets instead of going to the specialized markets or near-by town area. Wheat, Soybean and rice are also the principal crops in cultivation and production, but a large proportion of their production is carried out for selling into the specialized markets whereas remaining surplus is saved for selling throughout the year for their future needs. In addition, the prices of agricultural crops are mainly affected by the location of markets, nature of the hinterland, nature of demand and supply, the durability of crops, accessibility and transportation cost. The peasants are more or less independent and work on an individualistic basis. Rural markets are the only place for the farmers to dispose of their surplus when they are in immediate need of money. Among different crop sellers, the average participation of non-producer sellers has been recorded high mainly due to the prevailing unemployment in the study area. They sell different crops into the rural markets for their livelihood or to supplement their income to sustain their lives. The indebtedness of farmers generally compels them to sell their surplus at the distress rate offered by traders who loaned money by Kisan credit card during the pre-harvest period. In general, the marketing of agricultural commodities in the study area is not facing difficulties. Organizational, as well as infrastructural facilities are good.

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