

MAHARASHTRA AGRICULTURAL UNIVERSITIES EXAMINATION BOARD, PUNE
SEMESTER END EXAMINATION

B.Sc. (Hons.) Agriculture

Semester : V(New)	Term : I	Academic Year : 2019-20
Course No. : ECON 353	Title : Agricultural Marketing, Trade and Prices	
Credits : 3 (2+1)	Time : 14.00 to 17.00	Total Marks : 80
Day & Date : Monday, 04.11.2019		

- Note :**
1. Solve **ANY EIGHT** questions from **SECTION "A"**.
 2. All questions from **SECTION "B"** are compulsory.
 3. All questions carry equal marks.
 4. Draw neat diagrams wherever necessary.

SECTION "A"

- Q.1 a) State the importance of agricultural marketing in economy.
b) Give the classification of market based on volume of transaction.
- Q.2 a) What do you mean by marketing mix? Explain it in brief.
b) Define demand. State the factors affecting demand for farm products.
- Q.3 a) Define producer's surplus. Explain the factors affecting marketable surplus.
b) Explain the stages of Product Life Cycle.
- Q.4 a) What are the promotion methods used in marketing? Explain in brief.
b) Explain different pricing methods in determining prices of product.
- Q.5 a) Write the Kohls and Uhl classification of marketing functions.
b) Explain the buying and selling functions of marketing.
- Q.6 a) Define market integration. Explain the types of market integration.
b) Define marketing channel. State factors affecting length of marketing channel.
- Q.7 a) Explain the approaches to assess the marketing efficiency.
b) Enlist and explain the factors affecting marketing cost.
- Q.8 a) State the origin, objectives and functions of NAFED.
b) State the origin, objectives and functions of FCI.
- Q.9 a) State the types of risk in agricultural marketing and ways to minimize them.
b) What do you mean by international trade? Explain the basis of international trade.
- Q.10 Write short notes (Any Two):
- a) WTO
 - b) CACP
 - c) TRIPS

(P.T.O.)

SECTION "B"

Q.11 Fill in the blanks.

- 1) In short period market, the prices of commodities are governed mainly by the extent of _____, for rather than the supply of commodities.
- 2) Quality of agricultural commodities is ensured by _____ label.
- 3) The word market comes from the Latin word _____.
- 4) Market _____ determines the market conduct and performance.
- 5) Storage function of market creates _____ utility.
- 6) The first Cooperative Marketing Societies Act was passed in the year _____.
- 7) Hamals, weighmen, graders etc. are classified as _____ middlemen.
- 8) Difference between the prices prevailing at successive stages of marketing at a given point of time is called _____ margin.

Q.12 Do as directed.

- 1) Study of activities related to supply of farm inputs to the farmers is a part of subject matter of agricultural marketing. (True or False)
- 2) The supply curve of agricultural commodities is positively sloped. (True or False)
- 3) Marketable surplus may be more, equal or less to the marketed surplus. (True or False)
- 4) DMI (Give the full form)
- 5) CWC (Give the full form)
- 6) AOA (Give the full form)
- 7) GATT (Give the full form)
- 8) State the two names of public sector marketing institutions.

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MAHARASHTRA AGRICULTURAL UNIVERSITIES EXAMINATION BOARD, PUNE
SEMESTER

END THEORY EXAMINATION

B. Sc. (Hons.) Agriculture

Semester	: V(New)	Academic Year	: 2019-20
Course No.	: ECON- 353	Title	: Agril. Marketing, Trade and Prices
Credits	: 3(2+1)	Time	: 3 hrs
Day & Date	:	Total Marks	: 80

- Note: 1. Solve ANY EIGHT questions from SECTION "A".
2. All questions from SECTION "B" are compulsory.
3. All questions carry equal marks.
4. Draw neat diagrams wherever necessary.

SECTION "A"

Q.1 a. State the importance of agricultural marketing in economy.

Ans : Importance may be explained on any four points mentioned below.

- Optimization of Resource use and output management
- Widening of markets
- Growth of agro base industries
- Price Signals
- Adoption and Spread of New technology
- Employment generation
- National Income
- Better living
- Creation of utility

b. Give the classification of market based on volume of transaction.

Ans: There are two types of markets on the basis of volume of transactions.

- Wholesale Markets:** A wholesale market is one in which commodities are bought and sold in large lots or in bulk. Transactions in these markets take place mainly between traders.
- Retail Markets:** A retail market is one in which commodities are bought by and sold to the consumers as per their requirements. Transactions in these markets take place between retailers and consumers. The retailers purchase in wholesale market and sell in small lots to the consumers. These markets are very near to the consumers.

Q.2 a. What do you mean by marketing mix? Explain it in brief.

Ans: The marketing mix refers to the set of actions, or tactics, that a company uses to promote its brand or product in the market. The 4Ps make up a typical marketing mix - **Price, Product, Promotion and Place.**

b. Define demand. State the factors affecting demand for farm products.

Ans: The quantity of a products or service which the buyers are likely to purchase at different prices in a given market at a given time.

Factors affecting demand for farm products are as

1. Size of population
2. Per capita income
3. Changes in taste, preference and habits
4. Income distribution
5. Level of technology available
6. Available substitutes
7. National Income

Q.3 a. Define producers' surplus. Explain the factors affecting marketable surplus.

Ans : The producers' surplus is the quantity of produce which is or can be made available by the farmers to the non-farm population. The producers' surplus is of two types. 1. Marketable Surplus and 2. Marketed Surplus

b. Explain the stages of Product Life Cycle.

Ans : The product aging process has four stages.

1. Introduction
2. Growth
3. Maturity
4. Decline

Q.4 a. What are the promotion methods used in-marketing? Explain in brief.

Ans : The promotion mix consists of 1. Advertising 2. Sales promotion 3. Personal selling 4. Public Relations 5. Direct Marketing.

b. Explain different pricing methods in determining prices of product.

Ans: The important pricing methods are

1. Cost based pricing methods

2. Competition based pricing methods
3. Demand based pricing methods

Q.5 a. Write the Kohls and Uhl classification of marketing functions.

Ans : Kohls and Uhl have classified marketing functions as follows: 1. Physical Functions : Storage and Warehousing, Grading ,Processing, Transportation 2. Exchange Functions: Buying and Selling 3. Facilitative Functions : Standardization of grades, Financing, Risk Taking, Dissemination of Market Information

b. Explain the buying and selling functions of marketing.

Ans : The buying activity involves the purchase of the right goods at the right place, at the right time, in the right quantities and at the right price. It involves the problems of what to buy, when to buy, from where to buy, how to buy and how to settle the prices and the terms of purchase.

The selling activity involves personal or impersonal assistance to or persuasion of, a prospective buyer to buy a commodity. The objective of selling is to dispose of the goods at a satisfactory price. The prices of products, particularly of agricultural commodities vary from place to place, from time to time, and with the quantity to be sold. Selling, therefore, involves the problems of when to sell, where to sell, through whom to sell, and whether to sell in one lot or in parts.

Q.6 a. Define market integration? Explain the types of market integration.

Ans : Market integration as process which refers to the expansion of firms by consolidating additional marketing functions and activities under a single management.

Types of market integration: 1. Horizontal integration: 2. Vertical integration :

b. Define marketing channel. State factors affecting length of marketing channel.

Ans: Marketing channels are routes through which agricultural products move from producers to consumers. Factors affecting length of marketing channel are

1. Nature of product
2. Economic Development of country
3. Stage of Marketing of product
4. Time of Marketing

Q.7 a. Explain the approaches to assess the marketing efficiency.

Ans: Marketing efficiency is essentially the degree of market performance. It is a broad and dynamic concept. It is the ratio of market output (satisfaction) to marketing input (cost of resources). An increase in ratio represents improved efficiency and vice versa.

Assessment of marketing efficiency

1. **Technical or Physical or Operational efficiency:** It pertains to the cost of performing a function; Efficiency is increased when the cost of performing a function per unit of output is reduced.
Eg: - Storage, processing, handling etc.
2. **Pricing / Allocative efficiency :** System is able to allocate farm products either over time, across the space or among the traders, processors and consumers at a point of time in such a way that no other allocation would make producers and consumers better off. This is achieved via pricing the product at different stages, places, times among different users. Pricing efficiency refers to the structural characteristics of the marketing system, when the sellers are able to get the true value of their produce and the consumers receive true worth of their money.

b. Enlist and explain the factors affecting marketing cost.

Ans : 1. Perishability 2. Losses in storage and transportation 3. Volume of the product handled 4. Regularity in supply 5. Packaging 6. Extent of adoption of grading 7. Necessity of demand creation (advertisement) 8. Bulkiness 9. Need for retailing 10. Necessity of storage 11. Extent of Risk 12. Facilities extended by dealers to consumers.

Q.8 a. State the origin, objectives and functions of NAFED.

Ans : National Agricultural Cooperative Marketing Federation of India Ltd.(NAFED) was established on the auspicious day of Gandhi Jayanti on 2nd October 1958. NAFED is registered under the Multi State Co-operative Societies Act. The objectives of the NAFED shall be 1) to organise, promote and develop marketing, processing and storage of agricultural, horticultural and forest produce, 2) to distribute agricultural machinery, implements and other inputs, 3) To undertake inter-state, import and export trade, wholesale or retail as the case may be and 4) To act and assist for technical advice in agricultural production for the promotion and the working of its members and cooperative marketing, processing and supply societies in India.

The main functions of NAFED are 1. To coordinate the marketing and trading activities of the cooperative 2. To undertake or promote Inter-State and international trade and commerce 3. To undertake purchase, sale and supply of agricultural products, marketing and

processing requisites 4. To act as warehouseman 5. To act as agent of any Government agency or cooperative institution, for the purchase, sale, storage and distribution of agricultural goods; 6. To act as insurance agent 7. To organise consultancy work; 8. To undertake manufacture of agricultural machinery and implements, processing, packing, etc. and other production requisites and consumer articles. 9. To set up storage units 10. To maintain transport units

b. State the origin, objectives and functions of FCI

Ans: Food corporation India (FCI) was established on January 1, 1965.

The objectives of FCI are as under.

1. Effective price support operations for safeguarding the interests of the farmers.
2. Distribution of food grains throughout the country for public distribution system.
3. Maintaining satisfactory level of operational and buffer stocks of food grains to ensure National Food Security.

The main functions of the Food Corporation of India are: a) To produce a sizable portion of the marketable surplus of foodgrains and other agricultural commodities at incentive prices from the farmers on behalf the central and state governments b) To make timely releases of the stocks to public distribution system (Fair price shops and controlled item shops) so that consumer prices may not rise unduly and unnecessarily c) To minimise seasonal price fluctuations and inter regional price variation in agricultural commodities by establishing a purchasing and distribution network and d) To build up a sizable buffer stock of food grains to meet the situation that may arise as result of short falls in internal procurement and imports

Q.9 a. State the types of risk in agricultural marketing and ways to minimize them.

Ans : Types of Risk : The risks associated with marketing are of three types. i.) Physical risk ii.) Price risk iii.) Institutional risks.

Measures to Minimize Risks: a. Reduction in Physical loss through fire proof storage, proper packing and better transportation. b. Transfer of physical losses to Insurance companies. c. Minimization of price risks through. 1. Fixation of minimum and maximum price by government. 2. Dissemination of price information to all sections of society over space and time. 3. Effective system of advertising and create a favourable atmosphere for the commodity. 4. Operation of speculation and hedging, Futures trading, forward market, contract farming, contract marketing.

b. What do you mean by international trade? Explain the basis of international trade.

Ans : International trade is the exchange of goods and services between countries. This type of trade gives rise to a world economy. Trading globally gives consumers and countries the

opportunity to be exposed to goods and services not available in their own countries. Almost every kind of product can be found on the international market: food, clothes, spare parts, oil, jewellery, wine, stocks, currencies and water. Services are also traded: tourism, banking, consulting and transportation. A product that is sold to the global market is an export, and a product that is bought from the global market is an import. Imports and exports are accounted for in a country's current account in the balance of payments.

The basis of international trade: 1. The theory of comparative advantage 2. The theory of absolute advantage

Q.10

Write short notes (Any Two)

a. **WTO:** The World Trade Organization (WTO) is an intergovernmental organization that is concerned with the regulation of international trade between nations. The WTO officially commenced on 1 January 1995 under the Marrakesh Agreement, signed by 123 nations on 15 April 1994, replacing the General Agreement on Tariffs and Trade (GATT), which commenced in 1948. It is the largest international economic organization in the world. The WTO deals with regulation of trade in goods, services and intellectual property between participating countries by providing a framework for negotiating trade agreements and a dispute resolution process aimed at enforcing participants' adherence to WTO agreements, which are signed by representatives of member governments and ratified by their parliaments. The WTO prohibits discrimination between trading partners, but provides exceptions for environmental protection, national security, and other important goals. Trade-related disputes are resolved by independent judges at the WTO through a dispute resolution process.

b. **CACP:** The Commission for Agricultural Costs & Prices (CACP) is an attached office of the Ministry of Agriculture and Farmers Welfare, Government of India. It came into existence in January 1965. Currently, the Commission comprises a Chairman, Member Secretary, one Member (Official) and two Members (Non-Official). The non-official members are representatives of the farming community and usually have an active association with the farming community. It is mandated to recommend minimum support prices (MSPs) to incentivize the cultivators to adopt modern technology, and raise productivity and overall grain production in line with the emerging demand patterns in the country. Assurance of a remunerative and stable price environment is considered very important for increasing agricultural production and productivity since the market place for agricultural produce tends to be inherently unstable, which often inflict undue losses on the growers, even when they adopt the best available technology package and produce efficiently. Towards this end, MSP for major agricultural products are fixed by the government, each year, after taking into

account the recommendations of the Commission. As of now, CACP recommends MSPs of 23 commodities, which comprise 7 cereals (paddy, wheat, maize, sorghum, pearl millet, barley and ragi), 5 pulses (gram, tur, moong, urad, lentil), 7 oilseeds (groundnut, rapeseed-mustard, soyabean, seasmum, sunflower, safflower, nigerseed), and 4 commercial crops (copra, sugarcane, cotton and raw jute).

c. TRIPS : The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) is an international legal agreement between all the member nations of the World Trade Organization (WTO). It sets down minimum standards for the regulation by national governments of many forms of intellectual property (IP) as applied to nationals of other WTO member nations.^[3] TRIPS was negotiated at the end of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) between 1989 and 1990^[4] and is administered by the WTO. The TRIPS agreement introduced intellectual property law into the multilateral trading system for the first time and remains the most comprehensive multilateral agreement on intellectual property to date. In 2001, developing countries, concerned that developed countries were insisting on an overly narrow reading of TRIPS, initiated a round of talks that resulted in the Doha Declaration. The Doha declaration is a WTO statement that clarifies the scope of TRIPS, stating for example that TRIPS can and should be interpreted in light of the goal "to promote access to medicines for all." Specifically, TRIPS requires WTO members to provide copyright rights, covering authors and other copyright holders, as well as holders of related rights, namely performers, sound recording producers and broadcasting organisations; geographical indications; industrial designs; integrated circuit layout-designs; patents; new plant varieties; trademarks; trade names and undisclosed or confidential information. TRIPS also specifies enforcement procedures, remedies, and dispute resolution procedures. Protection and enforcement of all intellectual property rights shall meet the objectives to contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations.

SECTION "B"

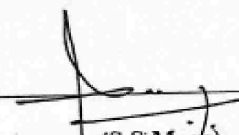

Q.11 Fill in the blanks.

1. Demand.
2. AGMARK.
3. Marcatus
4. Structure.
5. Time.
6. 1912

7. Facilitative
8. Concurrent.

Q.12 Do as directed.

1. TRUE
2. TRUE
3. TRUE
4. Directorate of Marketing and Inspection
5. Central Warehousing Corporation
6. Agreement on Agriculture
7. General Agreement on Trade and Tariff
8. DMI, NAFED, CACP, FCI, CCI, JCI, APMC or any others etc.

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