

**MAHARASHTRA AGRICULTURAL UNIVERSITIES EXAMINATION BOARD,**  
**PUNE**  
**SEMESTER END EXAMINATION**  
**B. Sc. (Agriculture)**  
**MODEL ANSWER**

---

Semester	:	V (Old)	Academic Year: 2019-2020
Course No.	:	ECON-354	Title: Agricultural Marketing, Trade & Prices
Credits	:	(2) 1+1	
Day & Date	:	Time:	Total Marks: 40

---

- 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. Enlist the various dimensions of market on which market can be classified. Explain in detail classification of markets on the basis of time span.

Ans. **Dimensions of market.**

- 1) On the basis of location
- 2) On the basis of area / coverage
- 3) On the basis of time span.
- 4) On the basis of volume of transaction.
- 5) On the basis of nature of transaction.
- 6) On the basis no. of commodities in which transaction takes place.
- 7) On the basis of degree of competition.
- 8) On the basis of nature of commodities
- 9) On the basis of stage of marketing.
- 10) On the basis of extent of public intervention.
- 10) On the basis of types of population served.
- 12) On the basis of accrual of marketing margins.

**Classification of markets on the basis of time span.**

- 1) Short period markets
- 2) Periodic markets
- 3) Long period markets
- 4) Secular markets.

Q. 2 What do you mean by Agricultural Marketing?. Discuss the scope and subject matter of Agricultural Marketing.

Ans. Agricultural marketing is the study of all the activities, agencies and policies involved in the procurement of farm inputs by the farmers and the movement of agricultural products from the farms to the consumers

### Scope and subject Matter of Agricultural marketing

The scope of agricultural marketing must include both product marketing and input marketing. The subject-matter of agricultural marketing has been dealt with both from the theoretical and practical points of view. It covers what the system is, how it functions, and how the given methods or techniques may be modified to get the maximum benefits.

The subject of agricultural marketing includes marketing functions, agencies, channels efficiency and costs, price spread and market integration, producers surplus, government policies and research training and statistics on agricultural marketing

Q. 3. Define market integration. Explain the types of market integration.

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

#### Types of market integration.

**Horizontal Integration:** This occurs when a firm of agency gains control of other firms or agencies performing similar marketing functions at the same level in the marketing consequence. In this type of integration, some marketing agencies combine to form a union with a view to reducing their effective number

**Vertical Integration:** This occurs when a firm performs more than one activity in the sequence of the marketing process. It is a linking together of two or more functions in the marketing process within a single firm.

**Conglomeration:** A combinations of agencies or activities on directly related to each other may, when it operates under a unified management.

Q. 4. What is marketing cost? Enlist the factors affecting the cost of marketing and explain any one of them.

Ans. It is the cost incurred on marketing either in cash or in kind by producer seller and by various intermediaries involved in the sale and purchase of the commodity till the commodity reaches the ultimate consumer.

Factors affecting on the cost of marketing:

- 1) Perishability of the product
  - 2) Extent of loss in storage and transportation.
  - 3) Volume of the product handle.
  - 4) Regularity in the supply of the product.
  - 5) Extent of packaging.
  - 6) Extent of adoption of grading
  - 7) Necessity of demand creation.
  - 8) Bulkiness of the product.
  - 9) Need for retailing.
  - 10) necessity of storage.
  - 11) Extent of risk.
  - 12) facilities extended by the dealers to the consumers.
- Give explanation of any one of above.



Q. 5. Classify the Kohls & Uhls marketing function and explain the advantages of packing and packaging.

Ans. "Kohl & Uhls" have classified marketing functions as follows

- i) **Physical Functions:**
  - Storage and warehousing
  - Grading
  - Processing
  - Transportation
- ii) **Exchange function:**
  - Buying
  - Selling
- iii) **Facilitative Functions:-**
  - Standardization of grades
  - Financing
  - Risk taking
  - Dissemination of market information

The chief advantages of packing and packaging are

- 1) It protects the goods against breakage, spoilage, leakage or pilferage during their movement from the production to the consumption point.
- 2) The packaging of some commodities involves compression, which reduces the bulk like cotton, jute and wool.
- 3) It Facilitates the handling of the commodity, specially such fruits as apples, mangoes, etc, during storage and transportation.
- 4) It helps in quality identification, product differentiation, branding and advertisement of product, e.g., Amul ghee and Amul butter.
- 5) Packaging helps in reducing the marketing costs by reducing the handling and retailing costs.

Q. 6. What do you mean by marketable surplus? Explain the factors affecting marketable surplus.

Ans. The marketable surplus is that quantity of the producer which can be made available to the non-farm population of country Or It is the residual left with the producer farmer after meeting his requirements for family consumption, farm needs for seeds and feed for cattle, payment to labour in kine, payment to artisans carpenter, blacksmith.

**Factors affecting marketable surplus.**

- 1) Size of Holding
- 2) Production
- 3) Price of the commodity
- 4) Size of Family
- 5) requirement of seed and feed
- 6) Nature of commodity
- 7) Consumption habits.

Q. 7. Define risk in agricultural marketing and explain types of risk.

Ans. Risk as uncertainty about cost loss or damage. Risk is inherent in all marketing transaction. There is the risk of the destruction of the produce by fire, rodents or other

4

elements, quality deterioration, price fall, change in tastes, habits or fashion, and the risk of placing the commodity in the wrong hands or area.

**Types of risk:**

- 1) Physical Risk: This includes the loss in the quantity and quality of the product during the marketing process due to fire, flood, earthquake, rodents etc.
- 2) Price Risk: Fluctuation in prices may be upward or downward. Price variation cannot be ruled out.
- 3) Institutional Risk: The risks arising out of the change in the government's policy in tariffs and tax laws, in the movement restrictions, statutory price controls and the imposition of levees.

Q.8. What do you mean by buying and selling. Explain the methods of buying and selling.

Ans. **Buying and selling** : The buying activity involves the purchase of the right goods at the right place, at 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 process and terms of purchases.

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.

**Methods:**

- 1) Under cover of a cloth (Hatha system)
- 2) private Negotiations
- 3) Quotations on samples taken by commission agent.
- 4) Dara sale method
- 5) Moghum sale method
- 6) Open Auction method

Q.9. Enlist the important functions of warehousing and explain types of warehouses.

Ans. **The important functions of warehousing are:**

- 1) Scientific storage
- 2) financing
- 3) price stabilization
- 4) Market intelligence

**Types of warehouses:**

- 1) On the basis of ownership: a) Private warehouses b) public warehouses c) bonded warehouses.
- 2) On the basis of type of commodities stored: a) General warehouses b) Special commodity warehouses c) Refrigerated warehouses

Q. 10. Write short notes on: (ANY TWO)

1. Co-operative Marketing
2. Contract farming
3. Marketing channels

Ans. **1. Co-operative Marketing** : A Co-operative sale association is a voluntary business organization established by its member patrons to market farm products collectively for their direct benefit. It is governed by democratic principles. The function of



cooperative marketing are to market the produce of the members of the society at fair prices, to safeguard the members for excessive marketing costs and malpractices.

2. **Contract farming:** Contract farming or marketing essentially as an arrangement between the farmer producers and the agri-business firms to produce certain pre-agreed quantity and quality of the produce at particular price and time. It is emerging as an important mode of procurement of raw materials by agri-business firms in India.
3. **Marketing channels:** Marketing channels are routes through which agricultural products move from producers to consumers. The length of the channel varies from commodity to commodity, depending on the quantity to be moved, the form of consumer demand and degree of regional specialization in production.

### SECTION "B"

Q.11. Fill in the Blanks.

1. A market in which there are more than two but still a few sellers of commodity is termed as **oligopoly market**.
2. **Hedging** is the trading technique of transferring the price risk.
3. Open auction is the method of sale, widely used in **regulated** market.
4. **Grading** means the sorting of the unlike lots of the produce into different lots according to the quality specifications.

Q. 12 State true or false:

1. The Word market is derived from the latin word 'marcatus'. **True**
2. Market structure is the informal organization of the functional activity of a marketing institution. **False**
3. The processing is concerned with addition of value to the product by changing its form. **True**
4. The money markets and share markets are the examples of commodity markets. **False**



Signature of Course Instructor  
Name: Dr. Sunita N. Suryawanshi  
Mob. No. 9423129414  
Email ID suryawanshisunita@gmail.com



Signature of University Head of the Department  
Name: Dr. B. N. Ganvir  
Mob. No. 9423175082  
Email ID bnganvir@gmail.com