

AGRICULTURAL UNIVERSITIES EXAMINATION BOARD, PUNE
SEMESTER END EXAMINATION

B. Sc.Hons (Agri.)

Model Answer

Semester	: V (New)	Academic Year: 2023-2024
Course No.	: ECON-353	Course Title: Agricultural Marketing,
Credits	: 3 (2+1)	Trade & Prices.
Day & Date	: Time: 3 hrs	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. What do you mean by agricultural marketing? (8m)

Ans. Agricultural Marketing: 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.

b. Explain the scope and subject matter of agricultural marketing. (8m)

The scope of agricultural marketing must include both product marketing and input marketing in this book: the subject-matter 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.2. a. Enlist the classification of the markets in detail. (4m)

Ans: 1. On the basis of Location: Village Markets, Primary Wholesale Markets, Secondary Wholesale Markets, Terminal, Seaboard Markets

2. On the Basis of Area/Coverage: Local or Village Markets, Regional Markets, National Markets World Market

3. On the Basis of Time Span: Short-period Markets, Long-Period Markets, Secular Markets

4. On the Basis of Volume of Transactions: Wholesale Markets, Retail Markets

5. On the Basis of Nature of Transactions: Spot or Cash Market, Forward Markets

6. On the basis of Number of Commodities in which Transaction Takes Place: General Markets, Specialized Markets

7. On the Basis of Degree of Competition: Perfect Markets, Imperfect Markets

8. On the Basis of Nature of Commodities: Commodity Markets, Capital Market

9. On the Basis of Stage of Marketing: Producing Markets, Consuming Markets

10. On the Basis of Government Intervention and Regulation: Regulated Markets, Unregulated Markets

11. On the Basis of Vision: Black Market or Invisible Markets, Open Markets or Visible Markets

b. Explain in brief the classification of market on the basis of volume of transaction. (4m)

i. **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.

ii. **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.3. a. Define co-operative marketing. Explain the structure of co-operative marketing society

(4m)

Co-operative marketing: Co-operative marketing is the marketing for the farmers and by the farmers that aims at eliminating the chain of functionaries operating between the farmers and the ultimate chain of functionaries operating between ultimate consumers and thus securing the maximum price for the farmers produce.

Structure of co-operative marketing Society:

1. **Base level:** At the base level, there are primary cooperative marketing societies. They are located in the primary wholesale market and their field of operations extends to the area from which the produce comes for sale, which may cover one or two tehsils, panchayat samities or development blocks.
2. **Regional/District level:** At the regional or district level, there are central co-operative marketing unions or federations. Their main job is to market the produce brought for sale by the primary co-operative marketing societies of the area.
3. **State Level:** At the state level, there are apex co-operative marketing societies of federations. These state level institutions serve the state as a whole. Their members are both the primary co-operative marketing societies and the central co-operative unions of the state.

b. State the objectives and function of NAFED.

(4m)

Objectives of NAFED

- 1) To organize, 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
- 4) To act and assist for technical advice in agricultural production for the working of its members and co-operative marketing, processing and supply societies in India.

Function of NAFED: i) to act as warehouseman under the Warehousing Act and own and construct its own godowns and cold storages; ii) to act as agent of any Government agency or cooperative institution, for the purchase, sale, storage and distribution of agricultural, horticultural, forest and animal husbandry produce, wool, agricultural requisites and other consumer goods; iii) to act as insurance agent and to undertake all such work which is incidental to the same; iv) to facilitate, coordinate and promote the marketing and trading activities of the cooperative institutions in agricultural and other commodities, articles and goods

Q. 4. a. Classify the Kohl's & Uhl's marketing functions.

(4m)

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 |

b. Write in brief advantages and factors affecting the transportation. (4M)

Ans: Advantages of transportation (Any four)

1. Widening of the Market
2. Narrowing Price Difference Over Space
3. Creation of Employment
4. Facilitation of Specialized Farming
5. Transformation of the Economy
6. Mobility of the Factors of Production

Factors affecting the transportation. (Any four)

1. Distance
2. Quantity of the Product
3. Mode of Transportation
4. Condition of Road
5. Nature of Products
6. Availability of Return Journey consignment
7. Risk Associated

Q. 5. a. Define marketable and marketed surplus. (4M)

Ans. Marketable surplus: i) The marketable surplus is that quantity of the produce, which can be made available to the non-farm population of the country.

ii) The marketable surplus is the residual left with the producer farmer after meeting his requirement for family consumption, farm needs for seeds and feed for cattle, payment to labour in kind payment to artisans, payment to landlord as rent, social and religious payment in kind.

Marketed surplus : Marketed surplus is that quantity of produce, which the producer farmer actually sells in the market, irrespective of his requirements for family consumption, farm needs and other payments

b. Explain the factors affecting marketable surplus. (4M)

Factors Affecting Marketable surplus: i) Size of holding ii) Production iii) Price of Commodity iv) Size of family v) Requirement of Seed and Feed vi) Nature of Commodity vii) Consumption Habits

Q.6. a. Define Product Life Cycle. Explain the Stages of Product life Cycle. (4M)

Product Life Cycle: A Product passes through certain distinct stages during its life cycle. The stages through which individual products develop over time is called the product life cycle.

Stages of Product Life Cycle:

1. Introduction stage
2. Market Growth stage
3. Market Maturity stage
4. Market declined stage

b. Write the objectives of State Trading. (4M)

- a) To make available supplies of essential commodities to consumers at reasonable prices on a regular basis.
- b) To minimize violent price fluctuations occurring as a result of seasonal variations in supply and demand.
- c) To arrange for storage, transportations, packaging and processing.
- d) To check hoarding, black-marketing and profiteering.

Q.7. a. Explain the concepts and importance of marketing margin. (4M)

Concepts of marketing margins:

1. Concurrent margin method : This method stresses on the difference in price that prevails for a commodity at successive stages of marketing at a given point of time.
2. Lagged Margin Method : This method takes into account the time that elapses between buying and selling of a commodity by the intermediaries and also between the farmer and the ultimate consumer. Lagged margin indicates the difference of price received by an agency and the one paid by the same agency in purchasing in equivalent quantity of commodity.

Importance of marketing margin :

- i) It refers to the efficiency of the intermediaries between the producer and the consumer in respect of the services rendered and the remuneration received by them.
- ii) Such studies help in estimating the total cost incurred on the marketing process in relation to the price received by the producer and the price paid by the consumer.
- iii) The knowledge of marketing margins helps us to formulate and implement appropriate price and marketing policies.

b. State the different types of Market Integration.

(4m)

Ans:- 1. Horizontal Integration: 2. Vertical Integration: 3 Conglomeration:

1) 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

2) 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.

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

Q.8. a. State the objectives and functions of Food Corporation of India.

(4m)

Objectives:

- 1) An efficient management of the food economy.
- 2) Equitable distribution of food grains at reasonable prices.
- 3) Market Operations prevent the speculative trader from acting against the interest of the farmer by assuring him a remunerative price for his produce.

Functions:

- 1) To procure a sizeable portion of the marketable surplus of food grains at incentive prices from the farmer.
- 2) To make timely release of the stocks through the public distribution system.
- 3) To minimize seasonal price fluctuations by establishing a purchasing and distribution network.
- 4) To build up a sizeable buffer stock to meet the situations, may arise as a result of shortfalls.

b.. Explain the functions of Warehousing.

(4m)

1. Scientific storage: Here, a large bulk of agricultural commodities may be stored. The product is protected against quantitative and qualitative losses by the use of such methods of preservation as are necessary.

2. Financing: Nationalized banks advance credit on the security of Warehouse receipt issued for the stored products to the extent of 75 % of their value

3. Price stabilization: Warehouses help in price stabilization of agricultural commodities by checking the tendency to making post-harvest sales among the farmers. Warehouse helps in staggering the supplies throughout the year. Thus helps in stabilization of agricultural prices.

4. Market intelligence: Warehouses also offer the facility of market information to persons who hold their produce in them. They inform them about the prices prevailing in the period, and advice them when to market their products. This facility helps in preventing distress sales for immediate money needs or because of lack of proper storage facilities. It gives the producer holding power; he can wait for the emergence of favourable market conditions and get the best value for his product

Q.9. a. Define Risk. Explain the different types of risk in marketing.

(4m)

Ans: Definition of Risk : Risk as uncertainty about cost, loss or damage.

Types of Risk : The risks associated with marketing are of three types, namely physical risk, price and institutional risk.

i. Physical risk includes loss of quantity and quality. It may be due to fire, flood, earthquake, rodents, pests, excessive moisture or temperature, careless handling, improper storage, looting or arson.

ii. Price risk associates with fluctuation in price from year to year or within the year.

iii. Institutional risks include the risks arising out of a change in the government budget policy, imposition of levies price controls etc.

b. State the factors affecting demand for farm products.

Ans:- 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.10. Write short notes on. (Any Two)

(8 M)

a. **WTO:** i. Ministerial level conference: Meet once in two years to take principal policy decisions. ii. General council : Consists of all members, handles day to day work of WTO. iii. Bodies : (a) Dispute settlement Body, (DSB). (b) Trade policy Review Body(TPRB).

Main Functions of WTO :

1. In addition to goods, it covers trade in services, TRIPs and TRIMs.
2. Dispute settlement system is faster and more automatic aims at solving trade problems.
3. WTO has global states similar to IMF and World Bank.

b. **AGMARK** AGMARK is the abbreviation of Agriculture Marketing. It the quality certification marks under the Central Agricultural Produce (Grading and Marketing) Act, 1937. This label indicates that the purity and the quality of the product on the basis of the standards that have been laid down. The labels of different colours are used to indicate both grade of the product. The AGMARK labels are printed on the special quality paper and issued by the Agriculture Marketing Advisor. They are serially numbered, and the firm is required to maintain the account of the labels, which are issued to the grader, in a register. It is a voluntary scheme. Interested traders and manufacturers are given licence to grade their products under AGMARK quality certification mark.

c. **Intellectual Property Right's:** Patents, Designs, trade marks, copyrights, geographical indications, trade secrets. Explanation: Copyrights: musical work, artistic work, literary work, plays, maps, art reproductions, models, photographs, computer software.

Section 'B'

Q. 11. a. Define the following terms.

(4 M)

- 1) **Price Spread :** The difference between the price paid by the consumer and price received by the farmer.
- 2) **Speculation:** The speculation is the purchase or sale of commodity at the present price with the object of sale or purchase at some future date at a favourable price.
- 3) **Grading:** Grading means the sorting of the unlike lots of the produce into different lots according to the quality specifications laid down.
- 4) **Marketing Channel::** 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

(4 M)

b. Give the full forms :

- i.) DMI : Directorate of Marketing and Inspection
- ii.) CWC: Central Warehousing Corporation

iii.) AoA: Agreement on Agriculture

iv.) CACP: Commission for Agricultural cost and Prices

Q.12. a. State True or False.

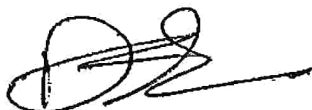
(4m)

- i. The National Agricultural Co-operative Marketing Federation was established in October, 1958. - **True**
- ii. Market function is an act, operation or service by which original producer and final consumers are linked together. - **True**
- iii. Transportation adds the time utility of goods. - **False**
- iv. Marketing efficiency is the ratio of market output to marketing input. - **True.**

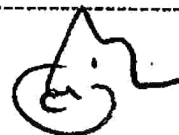
(4m)

b. Fill in the blank.

- i. Those middlemen who do not buy and sell directly but assist in the marketing process are Facilitative middlemen.
- ii. The market which deals with durable goods is Secular Market.
- iii. Trade marks, industrial design, patents etc, are certain categories covered under TRIPS agreement
- iv. Supply refers to the schedule or quantities of products that will be affected for sale at different prices at the given time and in a given market.



Signature of course Instructor
Name: (D.K.Nemade)
Mob.No.: 9423468902



Signature of University Head of the Department
Name: (N.V.Slende)
Dept. of Agri. Economics & Statistics
Mob. No.: 9820770711 V Akola