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Q1 Define Market and marketing and write down components and diamension of Market.

Ans → **Market :-** Market means a social institution, which performs activities & provides facilities for exchanging commodities between buyers and sellers (A.P.Gupta).

Meaning :- The word market is a derivative of the Latin word 'Marcatus' which means merchandise, trade or a place where business is conducted.

Marketing :- Marketing as an economic process by which goods and services are exchanged and their values determined in terms of money prices. (Duddy & Reizen)

Meaning :- That is, the essence of marketing is a transaction - an exchange - intended to satisfy human wants (Philip Kotler)

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Components of market.

1. Existence of good or commodity.
2. Existence of buyers & sellers.
3. Business relationship between buyers & sellers.
4. Demarcation of area such as place, region, country or the whole world.

Dimensions of a market

1. Location or place of operation
2. Area or coverage
3. Time span
4. Volume of transactions
5. Nature of transactions
6. Number of commodities
7. Degree of competition
8. Nature of commodities
9. Stage of marketing
10. Extent of public intervention
11. Types of population served.
12. Accrual of marketing margins.

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Q2. Define market structure and describe in about market structure like - components, market conduct and market performance.

Ans ⇒ **Market structure :-** Market Structure refers to those organizational characteristics of a market which influence the nature of competition and pricing, and affect the conduct of business firms.

OR :- Market Structure is the formal organization of functional activity of marketing institution.

Meaning :- Market structure refers to the size and design of the market.

Components of market structure.

1. Concentration of market power.
2. Degree of product Differentiation.
3. Conditions for entry of firms in the market.
4. Flow of market information
5. Degree of market Integration.

1. Concentration of market power

→ The concentration of market power is an important element determining the nature of competition & consequently of market conduct & performance.

→ This is measured by the number & size of

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firms existing in market.

2. Degree of product Differentiation.

→ The homogeneous nature of the product also affects the market structure. If the products are homogeneous, the price variation in the market will not be wide. If the firms are heterogeneous, firms have the tendency to charge different prices for their products.

3. Conditions for entry of firms in the market

→ Another dimension of the market structure is the restriction on the entry of firms in the market. Sometimes, a few big firms do not allow new firms to enter the market or make their entry difficult by their dominance in the market.

4. Flow of market information.

Well-organized market intelligence information system helps all the buyers and sellers to freely interact with one another in arriving at prices & striking deals.

5. Degree of Integration.

The behavior of an integrated market will be different from that of a market where there is no or less integration either among the firms or of their activities.

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Conduct and performance of market.

Market conduct :- The term market conduct refers to the patterns of behavior of firms, especially in relation to pricing & their practices in adapting and adjusting to the market in which they function.

Market conduct include -

1. Market sharing & price setting policies.
2. Policies aimed at coercing rivals.
3. Policies towards setting the quality of product.

Market performance :- The term market performance refers to the economic results that flow from the industry as each firm pursues its particular line of conduct.

Performance of market -

1. Efficiency in the use of resources, including real cost of performing various functions.
2. The existence of monopoly or monopoly profits, including the relationship of margins with the average cost of performing various functions.
3. Dynamic progressiveness of the system in adjusting the size & number of firms in relation to the volume of business, in adapting technological innovations & finding new forms of products so as to maximize general social welfare.

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4. Wheather or not the system aggravates the problem of inequality in inter-personal, Inter-regional or inter-group income.

* For a satisfactory market performance, the market structure should keep pace with the following changes—

1. Production pattern
2. Demand pattern
3. Costs & patterns of marketing functions.
4. Technological change in Industry.

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Q3. Define Agricultural Marketing & write down scope and subject matter of Agricultural Marketing, and Importance of Agricultural Marketing.

Ans => **Agricultural Marketing** :- Agricultural marketing as comprising of all activities involved in supply of farm inputs to the farmers and movement of Agricultural products from the farms to the consumers.

Scope & subject matter of Agricultural Marketing.

→ Agricultural marketing in a broader sense is concerned with the marketing of farm products produced by farmers & farm inputs required by them in the production of these farm products. Thus the subject of agricultural marketing includes product marketing as well as input marketing.

→ Output marketing has become more conspicuous in the recent past with the increased marketable surplus of the crops.

→ The market orientation of farming has increased.

→ Input marketing is a comparatively new subject

→ Farmers in the past used inputs such as local seeds & FYM. These inputs were available with them and hence purchase of inputs like improved seeds, fertilizers, Insecticides, Pesticides, etc. has increased in recent decades.

→ The new agricultural technology is input responsive.

→ Thus the scope of Agricultural marketing must

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include both product marketing and input marketing.

→ The subject of agricultural marketing includes marketing functions, agencies, channels, efficiency and costs, price spread and market integration, producer surplus, government policy and research, training and statistics on agricultural marketing and imports / exports of agricultural commodities.

Importance of Agricultural marketing.

1. Optimization of resource use and output management.
2. Increase in farm income.
3. Widening of markets.
4. Growth of agro-based industries.
5. Price signals.
6. Adoption and spread of technology.
7. Employment.
8. Addition to national income.
9. Better living
10. Creation of utility.
    a). Form utility
    b). Place utility
    c). Time utility
    d). Possession utility.

1. Optimization of Resource use and management.

An efficient marketing system can contribute to an increase in the marketable surplus by selling down the losses arising out of inefficient processing, storage & transportation.

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→ Also well-drained system of marketing can effectively distribute the available stock of modern inputs and there by sustain a faster rate of growth in the agricultural section.

2. Increase in farm income.

→ An efficient marketing system guarantees the farmers better price and ensure higher levels of income for the farmers ~~better~~ by reducing the dependency and number of middlemen or by restricting the commission on marketing services.

→ Increased level of income induces farmers to invest their surplus income in purchase of modern input so that productivity & production may increased.

3. Widening of Markets.

The widening of the market helps in increasing the demand on continuos basis and thereby guarantees a biger income to the producer.

4. Growth of agro-based Industries.

Many agro and other industries depend on agriculture for the supply of raw materials. Hence an improved and efficient system of agricultural marketing helps in the growth of industries & stimulates the overall development process of the economy.

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5. Price signals

Through price signals, an efficient marketing system helps the farmers in planning their production in accordance with the needs of the economy.

6. Adoption & spread of Technology

As told in earlier, the marketing system helps the farmers in adoption of new scientific and technical knowledge.

7. Employment

→ The marketing system provides employment to millions of persons engaged in various activities such as packaging transportion and processing.

→ persons like commission agents, brokers, traders, retailers, weighmen, village merchants and regulating staff are employed in the marketing system.

8. Addition to national income.

Marketing activities add to nation's gross national product and net nation product.

9. Better living

Any plan of economic development that aims at diminishing the poverty of agricultural development, reducing consumer food prices, earning more foreign exchange or eliminating economic waste. An efficient marketing system enhances the economic development.

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10. Creation of utility

Marketing is productive and is as necessary as the farm production. As part of production itself, the process of production is complete only when the product reaches a place in the form and at the time required by the consumers. Marketing adds cost to the product as discussed below :- a] Form utility - The processing function adds form utility to the product by changing the raw material into a finished form with this change; the product becomes more useful than the raw form as produced by the farmers, Eg- oilseed into oil, wheat into flour and bread, etc.

b. Place utility :- Transportation function adds place utility to products by shifting them to a place of need from the point of production. Because price will be higher at places where demand is higher.

c. Time utility :- Storage function adds time utility to the products by making them available at the time when they are needed.

d. Possesion utility :- Marketing function of buying and selling helps in the transfer of ownership from one person to another. Products are transferred through marketing to persons having a higher utility from person having low utility.

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Q4 Define market and describe its classification.

Ans => Market :- Market means a social institution, which performs activities and provides facilities for exchanging commodities between buyers and sellers (A. P. Gupta).

Classification of Markets

Markets are classified on the basis of twelve dimensions. They are –

1] ON THE BASIS OF LOCATION

a) Village markets

A market which is located in a small, village where major transactions take place between buyers & sellers of a village.

b) Primary markets

These markets are located in big town near the centre of agricultural commodities. In these market a major part of the produce is brought for sale by the producer - farmers themselves. Farmer → Trader transaction.

c) Secondary markets :- This markets are located generally in district headquaters or important trade centres or near railway junctions. Transction takes between village trader to wholesaller.

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d) Terminal markets :- Here the produce is either finally disposed off to the consumers or processors or assembled for export. such markets are located either in metropolitan cities or in port cities like Mumbai, Chennai, & Kolkata.

e) seaboard markets.

markets, which are located near seashore and are meant mainly for the import/export of goods, are known as seaboard market.

2] On the basis of Area/coverage.

a) Local or village market :-

Where buyers & sellers belong to a small local area i.e. town or village, it is called local market. eg- milk market, vegetable market.

b) Regional market :- A market in which, buyers and sellers of a commodity are drawn from a larger area than the local markets.
eg- Foodgrains markets.

c) National market :- It is one when for a certain commodity or commodities a nation as a whole could be regarded as one market. eg-Jute, tea.

d) World market :- certain commodities cover the whole world and that is called world market.
eg- coffee, petrolium, gold, machinaries.

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3) On the basis of time span

a) Short period market :- These markets are held relatively longer period than the very short period and the commodities traded are less perishable & can be stored for some time.
eg- fish, vegetable, ~~milk~~ milk.

b) Periodic market :- The periodic markets are held weekly, biweekly, fortnightly or monthly according to the local traditions.

c) Long period markets :- These markets are held for a longer period than the shorter period markets. eg- Foodgrains & oil seeds.

d) Secular markets :- These markets are of permanent nature. The commodities traded are durable in nature & can be stored for many years.
eg- machinaries & goods.

4] On the Basis of volume of transactions.

a) Wholesale market (Bulk quantity)
It is one in which commodities are brought by wholesaller & sold in large lots or in bulk.

b) Retail markets (small quantity)
Transaction in these market take place between

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Retailers and consumers. These markets are very nearer to the consumer.

5] On the basis of nature of transaction.

a) Spot or cash markets

A market in which, goods are exchanged for money immediately after sale.

b) Forward markets

A market in which the purchase and sale of commodities place at time. The differences in the purchases & sale prices are paid or taken.

6] On the basis of number of commodities in which transaction takes place.

a) General market

A market in which all types of commodities such as food grains, oil seeds, fibre crops. etc are bought and sold Large No. of commodities are transacted here.

b) Specialized market

A market in which transactions takes place only in one or two commodities eg- food grain markets, vegetable markets.

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7] On the basis of degree of competition

a) Perfect market (same price)

There must be one price for any one standardized commodity at a particular time in a market.

b) Imperfect market

When different prices are charged for the same commodity at the same time. is called imperfect market.

8] Based on degree of imperfection.

i] Monopoly market.

-> There is only one seller of commodity.

ii] Duopoly market

-> There is only two seller of commodity.

iii] oligopoly market

-> A market having more than two sellers.

iv] Monopolistic market

-> When a large number of sellers deal differentiated from a commodity, the situation is called monopolistic competition.

9] On the basis of stage of marketing.

a] Producing market

These markets mainly assemble the commodity for further distribution to market. such markets are located in producing area.

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b] Consuming markets

These markets collect the produce for final disposal for the consumers. located in thickly populated urban areas.

10] On the basis of nature of commodities.

a] Commodity market.

A market, which deals in good & raw material such as wheat, cotton, fertilizer, seed, etc.

b] Capital markets.

The market in which bonds, shares, and securities are bought and sold are called capital markets, eg- share markets.

11] On the basis of extent of public intervention.

a] Regulated market

→ Market in which business in accordance with the rules and regulation are followed within business.

b] Unregulated market.

→ These markets are the markets in which business is conducted without any set of Rules and regulations.

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11] On the basis of type of population.

a] Urban market

A market which serves mainly the population residing in an urban area is called urban market.

b] Rural market

The market usually refers to the demand originating from rural areas.

12] On the basis of market margins.

a] Farmers markets.

b] Cooperative markets.

c] General markets.

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Q5. Define producer surplus, write down meaning of marketed surplus, factors, etc.

Producer surplus :- Producer surplus is the difference between what producers are willing and able to supply a good for and the price they actually receive.

Types of producer surplus.

1] Marketable surplus.

2] Marketed surplus.

1] Marketable surplus

→ The marketable surplus is that quantity of the produce which can be made available to the non-farm population of the country.

This may be expressed as,

$$MS = P - C$$

where, MS - Marketable surplus

P - Total production

C - Total consumption.

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2] Marketed surplus

Marketed surplus is that quantity of produce which the farmer actually sell in the market, irrespective of the requirements for family consumption, farm needs & other payments.

The marketed surplus may be more less or equal to the marketable surplus.

Relation between marketable surplus & marketed surplus.

The marketed surplus may be more or less or equal to the marketable surplus, depending upon the condition of the farmers and the crop.

Marketed surplus > Marketable surplus

MSP < MS

MSP = MS.

1. The marketed surplus is more than the marketable surplus when the farmer retains a smaller quantity of the crop than his actual requirement for the family and farm. This is true especially in the case of small & marginal farmers, whose need for cash immidiate.

MSP < MS.

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2. ~~large~~ The marketed surplus is less than the marketable surplus when the farmers retains some of the surplus produce.

3. Large farmers generally sell less than the marketable surplus because of their better retention capacity. They retain extra produce anticipating higher price in the later periods.

4. Farmer substitute one crop for another family consumption or for feeding livestock because of the variation in prices.

MSP = MS

5. The marketed surplus may be equal to the marketable surplus when the farmers neither retain more or less than his requirements. This true holds for perishable commodities and the average. farmers.

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Factor affecting marketed surplus.

(The marketable surplus differs from region to region, crop to crop, It also varies from farm to farm.).

1. Level of production
2. Size of farm
3. Size of family
4. Consumption pattern
5. Cash requirements
6. Price of commodity
7. Requirements of seed & feed.

1. Level of production

Marketable surplus depends upon the size of production. Larger the size of production, other thing being equal. In general marketable and marketed surplus would increase with increase in production.

2. Size of farm.

As the size of farm increases, the marketable surplus also increases. Although the actual quantity retained increases with the increse in the farm area.

3. Size of family

As the size of the family increases the

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marketable surplus decreases. This is so incase of food grains, milk, eggs, etc.

4. Consumption pattern.

Marketable surplus of food grains is influenced by consumption pattern. The marketable surplus of rice in punjab and Haryana is more when compared to tamil nadu because of the predominance of wheat in their consumption pattern.

5. Cash requirements.

The larger the farmers demand for cash, the greater is their incentive to sell more in market.

6. Price of the commodity.

As the price of selected commodity increases the farmers will try to dispose as much as possible to earn better income. This will increase the marketable surplus.

7. Requirement of seed & feed.

The higher the requirement for these uses, the smaller the marketable surplus on the farm.

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Importance of marketable surplus.

→ Agricultural marketable surplus is highly significant for economic development as it is used by the non-farm and urban population to meet for food & Raw materials.

→ By raising output and also by increasing the marketable surplus, the farmers can make a positive contribution to economic development.

→ Further, part of marketable surplus would be exported to foreign countries.

→ The increased earning of foreign exchange will help to finance import of capital goods which are so necessary for individual development.

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Q6 define marketing channels & write down different channels for agricultural commodities.

Marketing channels.

Marketing channels are routes through which agricultural products move from producers to consumers.

OR. Kohls and Uhl have defined marketing channel as alternative routes of product flows from producers to consumers.

Marketing channels.

1] Marketing channels for food grains.

1. Farmer → consumer.
2. Farmer → Retailer or village trader → consumer.
3. Farmer → wholesaler → Retailer → consumer.
4. Farmer → village trader → wholesaler → Retailer → consumer.
5. Farmer → co-operative marketing society → Retailer → consumer.
6. Farmer → Gov. agency → Fair price shop → consumer.
7. Farmer → wholesaler → flour miller → Retailer → consumer.

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2] Marketing channels for oilseeds.

1. Producer → consumer
2. producer → village trader → Processor to oil retailer → consumer.
3. Producer → oilseed wholesaler → processor → oil wholesalers → oil retailer → oil consumer.
4. Producer → village trader → processor → oil consumer
5. Producer → Gov. agency → processor → oil wholesaler → oil retailer → oil consumer.

3] Marketing channels for fruit & vegetable.

1. Producer → consumer.
2. Producer → primary wholesaler → Retailer → consumer.
3. Producer → processor (for conversion into juices).
4. Producer → primary wholesaler → processor.
5. Producer → primary wholesaler → secondary wholesaler → Retailer / hawkers → consumer.
6. Producer → local assemblers → primary wholesalers → Retailer → consumer.

4] Marketing channels for eggs.

1. Producer → consumer.
2. Producer → Retailer → consumer.
3. Producer → wholesaler → Retailer → consumer.
4. Producer → co-operative marketing society → wholesaler → Retailer → consumer.
5. Producer → egg powder factory.

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Q7. Define product life cycle & competitive strategies and write down stages in PLC, characteristics.

Product life cycle (PLC)

Product life cycle is the progression of an item through the four stages of its time on the market.

Competitive strategy.

Competitive strategy is defined as the long term plan of a particular company in order to gain competitive advantage over its competitors in the industry.

Stage in product life cycle

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

1. Development

→ The product development stage is often referred to as 'the valley for death' At this stage, costs are accumulating with no corresponding revenue.

→ Some products require years and large

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capital investment to develop and their test effectiveness.

2] Introduction

→ After all research and development has be done it is time to launch the product and begin its lifecycle.

→ The introduction stage of the product life cycle is when the marketing team. emphasizes promotion & the product initial distribution.

→ Often the product will have little or no competitors at this point.

→ At thise stage of the life cycle, the company usually loses money on the product.

3] Growth

→ In the growth stage of the product life cycle, the market has accepted the product and sales begin to increase.

→ The company may want to make improvement to the product to stay competitive.

→ At this point, there are still relatively few competitors.

4] Maturity

→ In the maturity stage of the product life cycle, sales will reach their peak.

→ Other competitors enter the market, with

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alternative solutions, making competition in the market fierce.

→ The company that introduced the new product may begin to find it difficult to compete in the market.

5] Decline

→ In the decline stage of the product life cycle, sales will begin to decline as the product reaches its saturation point.

→ most products are phased out of the market at this point due to the decrease in sales and because of competitive pressure.

→ The market will see the product as old and no longer in demand.

Characteristics of PLC.

1. Each product or goods has a life cycle like human beings, plants & animals.

2. The life cycle of each product begins with its introduction in the market and passes through the phases of market development, maturity, becomes leader and ultimately declines.

3. The ~~speed~~ of movement through various stages of life cycle, cannot be the same for all goods.

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4. Profit in the business entreprise, grow quickly in the introduction stage and decline / decrese in the maturity stage due to competitive conditions.

5. With the decrese in profit in the maturity stage, changes such research & development, production pattern, marketing and financial control activities become essential.

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Q 8. Write different strategies in stages of PLC.

1] Product Introduction Strategies

→ Rapid skimming - launching the product at a high price and high promotional level.

→ slow skimming - launching the product at a high and low promotional level.

→ Rapid penetration

→ Low penetration.

→ Established a clear brand identity.

2] Product Growth Strategies.

→ Improve product quality and adds new features and improved styling.

→ Adds new models & flanker products.

→ It entres new market segments.

→ keep pricing as high as is reasonable to keep demand and profit high.

3] Product maturity strategies.

When your sales peak, your product will ~~entee~~ the maturity stage. This often means that your market will be saturated and you may find that you need to change your marketing tactics to prolongs the life cycle of your product.

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→ Market modification :- this includes new market segments, redefining target markets, winning over competitors, customers, converting non-users.

→ <u>Product modification</u>

for example, adjusting or improving your product's features, quality, etc.

4] <u>Product decline strategies</u>

→ Increase investment
→ Resolve uncertainities
→ selective niches.
→ Harvesting
→ maintain the product and wait for competitors to withdraw from the market first.
→ Reduce your promotional expenditure on the products.

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Q 9 Define price, write factor affecting pricing and what is pricing Approches based on cost and competition - Based pricing.

Price :- The amount of money charged for a product or service.

factors to consider when setting price.

1. Marketing objectives
2. Marketing mix Strategies
3. costs
4. organizational consideration.
5. Nature of market

General pricing Approaches

* **cost - Based pricing / cost - plus pricing.**

i) adding a standard markup to cost
ii) Ignores demand and competition
iii) It simplifies the pricing process.
iv) It is perceived as more fair to both buyers and sellers.

* **competition - Based pricing**

i) Also called going - rate pricing.
ii) May price at the same level, above or below the competition.

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iii) Bidding for jobs is another variation of competition - based pricing

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Q 10 Define Market Promotion and write down its types with merit & demerits.

Ans =>

Market Promotion / sales Promotion.

In marketing promotion refers to any type of marketing communication used to inform or persuade target audiences of the relative merits of a product, service, brand or issue.

OR Promotions refers to the entire set of activities, which communicate the product, brand or service.

Types of market promotion.

1. Advertising
2. Personal selling
3. Sales Promotion
4. Publicity

1] Advertising :-

Advertising is a specific marketing communication activity that involves placing marketing messages or more specifically advertisements on a purchased area within

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a medium such as radio, television, print, outdoor medium or digital marketing channels.

Merits of Advertising

1. Introduced a new product in market.
2. Expansion of the market.
3. Increases sales.
4. Educates the customers
5. Better quality product
6. Fights competition.

Demerits of Advertising

1. Require high cost.
2. Risk of inadvertent marketing leaks prior to launch date.
3. Advertising agency may not understand the firms vision.
4. Limited ability
5. Lacks of flexibility
6. One way communication.

2] Personal selling

→ Face - to - face communication between buyer and seller

→ Personal selling is selling technique involved between person to person and between the

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prospective buyer and seller.

Merits :- 1. Allowing for two-way interaction.
2. Tailoring of the message
3. Lack of distraction.
4. Involvement in the decision-process.
5. source of research information.

Demerits :- 1. Inconsistent messages.
2. sales force / management conflict
3. Poor reach
4. High cost
5. Potential ethical problems.

3] **Sales promotion :-**

Consists of media and non-media marketing communications employed for a predetermined, limited time to stimulate trial, increase consumer demand, or improve product availability.

Merits :- 1. Introduced an new product in market
2. expansion of the market.
3. Increased sales
4. Fights competition
5. Elimination of middleman

1. Effective at achiving a quick boost to sales.

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2. Encourages customers to trial a product or switch brands.

Demerits :- 1. sales effect may only be short-term.
2. customers may come to expect or anticipate further promotions.
3. damage brand image.

4] Publicity

Publicity is the public visibility or awareness for any product, service or company.

Merits :- 1. Held in higher regard
2. Helps increase profits
3. Easier to do business.
4. Hiring easier
5. save advertising money.

Demerits :- 1. Lack of control.
2. Less accuracy.

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Q 11 What is marketing process and write down marketing process.

Marketing process

The marketing process is a process of analyzing the opportunities in the market, selection of the target markets, and development of marketing & management of marketing efforts.

Process of marketing

1. concentration
2. dispersion
3. equalization.

1. Concentration

→ The concentration is the first process of modern marketing.

→ It refers to gathering of goods in large quantity at a single point, so that these goods can be effectively and economically distributed among the customers as per their requirement.

→ In this process concentration includes purchasing, storage, grading, standardization, transportation, financing, risk bearing, etc.

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→ It is necessary for these products which are produced throughout the year but consumed seasonally and for the products which are produced seasonally but consumed throughout the year.

→ In other words, concentration is the collection of goods for the purpose of distribution.

2] Dispersion

→ The dispersion completes the process of modern marketing because the goods produced and concentrated have no value unless these are properly distributed to the needed consumers.

→ It is the process through which the goods or services are delivered to their real consumers at the right time, at right place, in right quality and through the most appropriate channels of distribution.

→ These work is usually performed by the wholesalers, who first store the goods and then sell to the retailers in their turn sell the goods to the real customers.

→ Dispersion includes the performance of many different activities like collection, storage, gradation, standardization, transportation, risk bearing, etc.

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3] Equalization

→ The process of equilization established effective co-ordination between the concentration and dispersion.

→ The goods produced and concentrated in the markets have to be adjusted to meet the requirements of the people.

→ Thus, the equalization is the process of adjustment of supply to the actual demand on the basis of time, quality and quantity.

→ It is performed through storage and transportation.

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Q 12. Define marketing function and describe about Exchange function, physical function, facilitating function.

Marketing function :- Any specialized activity performed in carrying a product from the point of production to the ultimate consumers may be termed as a marketing function.

OR A marketing function may have any one or a combination of three dimension viz, time, space, form.

Classification of marketing functions.

① Exchange function
- i. Buying
- ii. selling

② Physical function
- i. storage
- ii. transport
- iii. Processing

③ Facilitating functions
- i. Packaging
- ii. branding
- iii. Grading
- iv. quality control
- v. Labeling.

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II. ~~Exchange Function~~

* 1. Clark & Clearks classification.

- Exchange function
  - selling
  - assembling
- physical supply function
  - Transportation
  - Storage
- facilitation functions.
  - Financing
  - Risk taking
  - marketing information
  - Standardization.

* 2. Thomsens classification.

Primary Function	secondary function	Tertiary function.
i. Procurment	i. Packing	~~i. Price determination~~
ii. Processing	ii. Transportation	~~ii. marketing information~~
iii. Dispersion	iii. Standardization	~~iii. Demand creation.~~
	iv. Storage	
	v. Risk taking	
	vi. Buying & selling	
	vii. Price determination	
	viii. marketing info.	
	ix. Demand creation.	

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* 3. Kohls & Uhl's classification.

- **Physical Function**
  - i. Grading
  - ii. Storage
  - iii. Processing
- **Exchange function**
  - i. Buying
  - ii. Selling
- **Facilitative function.**
  - i. Standerdization of grade
  - ii. Financing
  - iii. Risk taking
  - iv. Market Information.

* 4. Huegy & Mitchell's classification.

- **Physical movement**
  - i. Packing
  - ii. Storage
  - iii. Transportation
  - iv. Grading
  - v. distribution
- **Ownership movement**
  - i. Formulating policy.
  - ii. Financing
  - iii. Providing Organization
  - iv. super vision
  - v. Accounting
  - vi. securing Information.
- **Market management function.**
  - i. Creating demand
  - ii. Finding buyer seler.
  - iii. Negotiation of price
  - iv. Rendering advice
  - v. Transporting title.

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Q 12. What is market functionaries & importance of agencies involved in agriculture marketing.

Ans ⇒ **Marketing Functionaries (Agencies).**

The transfer of produce or goods takes place through a chain of middleman or functionaries (agencies).

Agencies involved in agricultural Marketing.

Agencies

1) Producers
2) Middleman
3) Wholesaler
4) Retailer
5) Co-operative marketing societies.
6) Village merchants
7) Transport Agencies
8) Communication
9) Advertising Agency

Government agencies

1) The state Trading corporation (STC)
2) The Food corporation of India (FCI)

1) **Producers**

Most farmers or producers, perform one or more marketing function. They sell the

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surplus either in the village or in the market.

2] Middlemen

Middlemen are those individuals or business corners which specialized in performing the various marketing function and rendering such services as are involved in the marketing of goods.

3] Wholesalers

Wholeselling is the one ion of goods is the wholesale dealers. Wholeselling is the one that covers activities of all individuals or business.

4] Retailer

He is the last link in chain of middlemen, who sells directly to consumer. He buys his requirement usually from the wholesaler

5] Co-operative marketing societies.

→ Main function is that of commission agencicy i.e. –

i) selling the produce of members.

ii) They also undertake outright purchases.

iii) provide storage facilities.

iv) Processing of produce

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6] Village traders | merchants.

He is an important agency in the collection of produce and more so when the mandi is situated at a considerable distance from the village. (eg- mandi, Rice, flour, oil, etc).

7] Transport Agency.

This agency assists in the movement of the produce from one market to another eg- Railways, Trucks, bullock cart, camel carts, tractor trolleys.

8] Communication Agencies.

It gives information about the prices prevelling and quality available and transactions eg- post, telegraph, newspaper, Radio, etc.

9] Advertising Agency.

It enables prospective buyers to know the quality of the product and decide about the purchase of commodities eg- newspaper, radio, television, cinema slides.

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Government agencies

1] state Trading corporation (STC)

i) To make available supplies of essential commodities to consumers at reasonable prices on a regular basis.

ii) To ensure a fair prices of the produce to the farmers

iii) To minimize violent prices fluctuations.

iv) To arrange for the supply of such inputs as fertilizers and insecticides so that to the tempo of increased production is maintain.

v) To undertake the procurement and maintainance of buffer stock, and their distribution,.

vi) To arrange for storage, transportation, packing and processing.

vii) To check hoarding, black-marketing and profiteering.

2] The Food corporation of India (FCI)

i) To produce a sizable portion of marketable surplus of foodgrains and other agriculture commodities at incentive prices from the farmers on behalf of the central & state government.

ii) To make timely released of stock through public distribution.

iii) To minimise seasonal price fluctuations

iv) To build up a sizable buffer stock of foodgrains.

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Q 13 Define Market Integration and write down its types.

Market Integration (बाजार एकीकरण).

Market Integration is defined as a process which refers to the expansion of forms by consolidating additional marketing functions and activities under a single management. (Kohla & Uhls).

Types of Market Integration

1. Horizontal Integration.
2. Vertical Integration
3. Conglomeration.

1. Horizontal Integration

→ This occurs when a firm or agency gains control of other firms or agencies performing similar marketing function at the same level in the marketing sequence.

→ In this types of market integration, some marketing agencies combine to form a union.

→ Horizontal Integration is advantageous for the members who join the group.

→ Similarly if farmers join hands and form cooperatives, They are able to sell their produce in bulk and reduce their cost of marketing.

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2] Vertical Integration

Vertical integration 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 or under a single ownership.

Advantages

a) Economy in the cost of marketing.

b) Advantages over the firms in respect of greater market power either in terms of source of supplies or distribution network

c) Reducing the number of middlemen in the marketing channel.

→ Vertical Integration may be forward or backward integration.

a] Forward Integration

If a firm assumes another functions of marketing which is close to the consumption function is called forward integration

b] Backward Integration

If a firms assumes, another functions of marketing which is close to the production is called backward Integration.

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3. <u>Conglomeration</u>

A combination of agencies or activities not directly related to each other may when it operates under a unified management, is termed as conglomeration.

eg- Hindustan Levers Ltd. (Drugs and soaps) and Procter and Gamble (cosmetic & utilities).

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Q 14. Define marketing Efficiency and describe its types in detail.

Marketing Efficiency.

Marketing efficiency is the ratio of market output to marketing input.

Types of marketing efficiency.

1. Operational efficiency or Technical or physical efficiency.
2. Pricing or Allocative Efficiency

1. Operational efficiency or Technical or physical efficiency.

→ Technological development through research efforts results in increasing efficiency by way of minimizing losses, costs or time and maximizing output or satisfaction per unit of resource used.

→ Marketing efficiency in this context may be termed as technical or operational efficiency.

2] Pricing or Allocative Efficiency.

→ The second concept of marketing efficiency relates to the pricing mechanism in the system at each stage of the marketing channel when some cost is incurred and utility is added to the product.

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→ Therefore, after each function, the product is priced again.

→ The extent to which the actual prices deviate from some just or normal price.

→ Marketing efficiency in this context may by term as the pricing efficiency of the marketing system.

The marketing efficiency can be expressed as

$$E = O / I$$

Where,

E = marketing efficiency

O = output of the marketing system.

I = Inputs used in the marketing process.

price efficiency is measured by the level of the price and defined as -

$$= \frac{(\text{selling price} - \text{purchase price})}{\text{purchase price}}$$

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Q.15. What is marketing cost, marketing margins, marketing price spread and write down factor affecting the cost of marketing. and Reasons for higher marketing cost & ways for reducing marketing cost.

Marketing cost

Marketing costs are the actual expenses incurred in the marketing process.

Marketing margins

Marketing margin are the actual amounts received by the marketing agencies in the marketing process.

Price spread

The difference between the price paid by consumer and the price received by the producer for an equivalent quality of farm produce is known as price spread. / Also known as market margin.

Factor affecting the cost of marketing

1. Perishability of the product
2. Extent of loss in Storage & Transport.
3. Volume of the product handles
4. Regularity in the supply of the product.
5. Extent of Packaging.
6. Extent of Adaption of grading.

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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 dealer to the consumers.

1. Perishability of product

→ The cost of marketing is directly related to the degree of erishability. The higher the perishability, the greater the cost of marketing, and vice versa.

2. Extent of loss in Storage & Transport.

→ If the loss in quality and quantity of the product is due to wastage or spoilage or shrinkage during the period of Storage or in Transportation, The marketing cost will go up.

3. Volume of the product handles

→ The larger the volume of the business, the less will be per unit cost of marketing.

4. Regularity in the supply of product.

→ If the supply of the product is regular throughout the year, the cost of marketing on per unit basis will less.

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5. Extent of packing

→ The cost of marketing is higher for the commodities requiring packaging.

6. Extent of Adoption of grading.

→ The cost of marketing of upgraded product is higher than that of the products in which grading can be easily adapted.

7. Necessity of demand creation.

→ If substantial advertisement is needed to create the demand of prospective buyers, the total cost of marketing will be high.

8. Bulkiness of the product.

→ The marketing cost of bulky products is higher than that of which are not bulky.

9. Need for retailing.

The greater the need for the retailing of a product, the higher the total cost of marketing.

10. Necessity of Storage

→ The cost of the Storage of product adds to the cost of marketing, where the commodities. which are produced and sold immediately without any Storage attract lower marketing cost.

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* Reasons for higher marketing costs of Agricultural commodities.

1. Widely dispersed farms and small output per farm.
   - → There are innumerable producers of agricultural products, each producing a small quantity.
   - → Producer are widely dispersed. Hence the cost of assembling is high.

2. Bulkiness of agricultural products.
   - → Most farm products are bulky in relation to their value. This results in a higher cost of production.

3. Difficult grading.
   - → Gradding is difficult for agricultural products. Each lot has to be personally inspected during purchase and sale which increase marketing costs.

4. Irregular supply.
   - → Agricultural products are characterized by seasonal production. Hence the market supply fluctuates during the year.

5. Need for Storage and processing.
   - → There is a greater need for the storage of agricultural products because of the seasonality of the agricultural production.
   - → The processing of products is necessary because all agricultural product do not consumed as raw material.

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6. Large number of middleman

→ In marketing of agricultural products, the number of middleman is larger because there is no restrication on there entry in trade.

7. Risk involved

The risk of price fluctuations is higher in agricultural products. The higher Risk leads to risk premium, which adds to the marketing cost.

* Ways of Reducing marketing costs.

1. Increase the efficiency of marketing.
   a] Increasing the volume of business.
   b] Improved Handling methods.
   c] Managerial control
   d] Change in marketing practices & Technology.

2]. Reduce profit in marketing.

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Q 16. Define Regulated market and its important features, Functions, progress & defects. and write down Remedial measures.

Regulated market

A regulated market is one which aims at the elimination of the unhealthy and unscrupulous practices, Reducing marketing charges and providing facilities to producer - sellers in the market.

OR. A market in which business is conduct with set of rules and regulation is termed as regulated market.

Important features of Regulated market.

1. Market area
2. Principle assembling market.
3. sub market yard
4. Market yard.

1. Market area

The area from which the produce naturally and abundantly flows to a commercial centre, i.e, the market, and which assures adequate business and income to the market committee.

2] Principle assembling market

It is the main market which is declared

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as a principle market yard on the basis of transactions and income generated for the market committee.

3. <u>sub market yard.</u>

→ It is sub yard of the principle assembling market.

→ This is a small market and does not generate sufficient income to declare as a principle assembling market.

4. <u>Market yard</u>

This is a special portion of the market area where the sale, purchase, storage and processing of any of the specified agricultural commodities are carried out.

<u>objective of Regulated market.</u>

1. To prevent the exploitation of farmer by overcoming the handicaps in the marketing.
2. To make marketing system most effective and efficient.
3. To provide incentive prices to farmers.
4. To promote an orderly marketing of agricultural produce by improving the infra structural facilities.

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Functions of Regulated market.

① To carry out training of officers and staff, create facilities for grading & standardization, construct market roads and approach roads to the markets, construct market yard and subyards.

② To tender advice to their government on the functioning of market committees and on improvement in the agricultural marketing as and then referred to

③ To frame by laws, help in the functioning of market committee and supervise their operations

* Progress of Regulated markets.

→ Though the establishment of regulated markets was started during 1930s of programme got momentum after independance.

→ The number of regulated markets which before the commencement of first FYP (AP 1951) was only 236, Increased to 715 in march 1961, 5766 in April 1986, 7161 in, march 2001, 7521 in march 2005 and further to 7566 in march 2006, there number decrease to 7465 in march 2007 and 7157 march 2010 due to the merger or deregulation of some markets as in Bihar state.

→ The no. of regulated markets is negligible

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in the States of Arunachal Pradesh, Manipur, Meghalaya, Nagaland, Sikkim.

→ Market regulation has not been enacted in two States (Jammu & Kashmir).

Defects of Regulated markets.

a.) Failure to adopt new innovative market technologies.

b) They have not helped in exchange of market information.

c) They have restricted smooth supply of raw materials for agro producers.

d) They have restricted development of alternative form of markets.

f) Also, no transaction is permitted outside the regulated market.

g) Cold storage facilities exist in less than 10 % of these markets which implies poor infrastructure.

h) Grading, cleaning and standardization facilities exist in less than 10 % of these markets.

i) Lack of quality output

J) Poor quality seeds

k) Lack of Information.

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Remedial measures

Agricultural marketing is a process which starts with a decision to produce a saleble farm product and involves all aspects of market structure or system, both functional and institutional, based on technical and economic consideration. The remedial measures for the problems of marketing are classified into the following types –

1. Reduction & Regulation of market charges.
2. organisation of cooperative marketing.
3. Government legislations.

→ Though agricultural marketing is a state subject, the government of India has an important role play in laying down general policy framework, framing of quality standards, conducting survey and research studies and in providing guidance, technical and financial support to the state Governments.

→ The central government is aided and adviced by two organization under its control, namely –

1) Directorate of marketing & Inspection (DMI). (Head office – Nagpur, chennai, Delhi).

2) National Institute of Agricultural marketing (NIAM), Jaipur.

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Q 18. What is warehousing write down it Function and types.

Ans => **Warehousing :-**

Warehousing is storing goods ~~in~~ ~~which~~ on scientific lines which enable easy retrieval of goods stored. It is package of services which creates time and place utily.

OR - Warehouses are scientific storage structures constructed for the protection of the quality & quantity of the stored products.

OR - It is also as the assumption of responsibility for the storage of goods.

→ Warehouses is preserved and protected against rodents, Insects, and pests and against the ill-effect of moisture and dampness.

Important functions of warehouses

1] scientific storage
2] Financing
3] price stabilization
4] Market Intelligence.

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1] Scientific storage

→ A large bulk of farm commodities may be stored.

→ The product is protected against quantitative and qualitative losses.

2] Financing

→ Warehousing meet the financial needs of the person who stores the products.

→ Nationalized banks advances credit on the security of the warehouse receipt issued for the stored product to the extent of 70-80 % of the value.

3] Price stabilization

→ It helps in price stabilization of farm products by checking the tendency to making post - harvest sales among the farmers.

4] Market intelligence

→ It offers the facility of market information to persons who told their produce in them.

→ They inform them about the prices prevailing in the periods, and advise them on when to market their products. It provides market information to the people who hold stock with them.

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Types of Warehouses

Warehouses may be classified on two bases.

1] On the basis of ownership

a] Private Warehouses

→ This are owned by individuals, large business houses and wholesalers for the storage of their own stocks.

→ They also stored the products of others.

b] Public Warehouses

→ These are the warehouses, which are owned by the government and are meant for the storage of goods of any, member of the public against a prescribed storage charge.

→ The government regulates the method of operation and the charges for storage.

c] Bounded Warehouses

→ These warehouses are specially constructed at a seaport or an airport and accept imported goods for storage till the payment of customs by the importer of goods. They may be owned by the dock authorities or privately owned, but they have to work under the closed supervision and control of the

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customs authorities.

→ The following services are rendered by bounded warehouses :-

i] The importer of goods is saved from the botheration of paying customs duty all at one time because he can take delivery of the goods in parts.

iii] The operation necessary for the maintainance of the quality of goods is done regularly.

iii] Entrepot trade (re-export of imported goods) becomes possible. The importer may take delivery of the goods without paying the customs duty if they have to be re-exported.

2] On the basis of Type of commodities stored.

a] General warehouses

→ These are ordinary warehouses used for storage of most of foodgrains, fertilizer, etc.

b] special commodity warehouses

These are warehouses which are specially constructed for the storage of specific commodities like cotton, tobacco, wool & petroleum products.

c] Refrigerated warehouses

→ These are warehouses in which temperature

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is maintained as per requirements and are meant for such perishable commodities as vegetables, fruits, fish, eggs and meat.

Q 18 Write detail about Warehousing In India and explain CWC, SWC, FCI in detail.

Warehousing In India

→ In 1928, The Royal commission on Agriculture underscored the need for warehousing system in India. The central Banking Enquiry committee, 1931, too drew attention to this need.

→ The All - India Rural credit survey comittee of the reserve bank of India also made comprehensive recommendations for the development of warehousing as an integrated scheme of rural credit and marketing.

→ As a result of the recommendations of the committee, the government of India enacted the agricultural produce corporations Act, 1956.

→ The act provided for

a) The establishment of a National Co-operative Development and warehousing Board (1 sep 1956)

b) The establishment of central warehousing corporation (2nd march 1957)

c) The establishment of SWC in all States during (July 1957 & Aug 1958).

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→ In 1962, the government of India decided to break up the act of 1956 into two separate Acts -

i) National co-operative Development corporation Act, 1962.

ii) Warehousing corporations Act 1962.

1] National co-operative Development corporation & warehousing board.

It was setup in 1956 to perform the following function.

1. To advance loans and grants to the State governments for financing co-operative societies engaged in the marketing, processing, or storage of agricultural produce, including contributions to the share capital to these institutions.

2. To provide funds to warehousing corporations and the State governments for financing cooperative societies for the purchase of agricultural produce on behalf of central Gov.

3. To subscribe to the share capital of CWC and advance loans to CWC & SWC.

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2] Central Warehousing corporation (CWC)

These corporation was established as a statutory body in Delhi 1957. Under the ~~law~~ new Act, the CWC was formally reestablished on 18 march, 1963 the CWC provide safe and reliable storage facilities for about 120 Agricultural & Industrial commodities.

Functions of CWC

1. To acquire and build godowns and warehouses at suitable place in India.
2. To run warehouses for the storage of agricultural produce, seeds, fertilizer and notified commodities for individuals, co-operative and other institutions.
3. To act as an agent of the government for the purchase, sale, storage, and distribution of the above commodities.
4. To arrange facilities for the transport of the above commodities.
5. To subscribe to the share capital of SWCs.

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3] State Warehousing corporations.

→ The areas of operation of SWC are centres of district importance. The total share capital of SWCs is contributed equally by the concerned State governments and CWC.

→ The SWC are under the dual control of the State governments and the CWCs.

Working operation of SWC & CWC.

→ The central warehousing corporation operates warehouses at centre all India importance.

→ It has 16 associates viz, the State warehousing corporation which operate warehouses at centres of State, level importance.

→ The CWC made begining in 1957 with 7 warehouses with a total capacity of 7000 tones, It gradually extended its operations to new centres and extended its capacity by hiring godowns and construction of modern warehouses.

→ In 1980-81 it was operating 311 warehouses with a total capacity of 36 lakh tones.

→ The paid up capital of the corporation stood at Rs. 3657.80 Lakhs in 1979-80 and the number of persons employed in warehouses was 5957.

→ The total capacity was of the order of 34389 lakh tones.

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* Working of Warehouses

1. **Acts :-** The warehouses (CWC & SWC) work under the respective warehousing acts passed by the central or State governments. They are licensed under provision of the act.

2. **Eligibility :-** Any person may store notified commodities in a warehouse on agreeing to pay the specified charges. The commodities is inspected, and the quality of the product is determined.

3. **Warehouses receipt :-** This is a receipt issued by the warehouses manager / owner to the person storing his produce with them. This receipt mentions the name and location of the warehouses, the date of issue, a description of the commodities

4. **Use of chemical**

→ protected against rodents, insects and pests and other infestation. periodical dusting and fumigation are done at the cost of the warehouses in order to preserve the goods.

5. **Financing :-** The warehousing receipt serves as a collateral security for the purpose of getting credit commercial banks advanced upto 75 % of the value of the produce stored in the warehouses.

6. Delivary of produce.

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* Describe In detail About FCI.

→ The Food corporation of India was setup under the food corporation's Act 1964, in order to fullfill following objectives of the Food policy. Food corporation was born on January 1, 1965.

1. Effective price support operations for safeguarding the interests of the farmers.
2. Distribution of food grain throughout the country for public distribution system.
3. Maintaining satisfactory level of operational and buffer stocks of food grains to ensure national Food security.
4. Regulated market price to provide food grains to consumers at a reliable price.

Objectives of FCI

1. To provide farmers remunerative prices.
2. To make food grains available at reasonable prices, particularly to vulnerable section of the society.
3. To maintain buffer stocks as measure of food security.
4. To intervene in market for price stabilization

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* Functions of FCI.

1. To produce a sizeable portion of the marketable surplus of food grains and other agricultural commodities at incentive prices from the farmers on behalf of the central & State Gov.

2. To make timely releases of stock though public distribution.

3. To minimize seasonal price fluctuations and inter-regional price variations in agricultural commodities by establishing a purchasing & distribution network.

4. To build up a sizeable buffer stock of food grains to meet the situations that may arise of shortfalls in internal procurement and imports.

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Q 19 What is cooperative marketing write down the structure and function of cooperative marketing societies.

Co-operative marketing

cooperative marketing organizations are associations of producers for the collective marketing of their produce and for securing for the members the advantages that result from large - scale business which an individual cultivor cannot secure because of his small marketed surplus.

OR. cooperative marketing can be defined as an agreement between two companies to promote or sell each other's product while selling their own.

Structure of co-operative Marketing society.

→ The co-operative marketing societies are two-tier and three-tire structure.

→ In two tier structure, primary marketing society is at taluka level and state marketing fedration is the apex body at state level.

→ It is found in the states of Assam, Bihar, Kerala, madhya pradesh, karnataka, orrisa, Rajstan,

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and West Bengal.

→ In three-tier structure, district marketing society is in the middle and at the national level NAFED serves as the apex institution.

→ The Three-tier structure is as follows.

1] Base level

→ At the base level, there are primary co-operative marketing socities which market the produce to the former members in that area.

→ They may be single commodity or multi-commodity societies depending upon the production of the crop in the area.

→ They are located in 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 tahsils, panchayat samities or development blocks.

2] Regional / District level.

→ At the regional or district level, there are central cooperative marketing federations which market the produce brought for sale by the primary co-operative marketing societies in that area.

→ They are located in secondary wholesale

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markets and offer a better price for the produce.

3] State Level

→ At the State level, there are apex (State) cooperative marketing societies which 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.

→ The basic functions is to coordinate the activities of the affiliated societies and conduct such activities as Inter-State trade, export - Import, procurement, distribution of inputs, dissemination of market information and rendering expert advice on the marketing of agricultural produce.

Functions of cooperative marketing societies

1. To market the produce of the market members of the society at fair prices.
2. To safeguard the members for excessive marketing costs and mal-practices.
3. To make credit facilities available to the members against the security of the produce
4. To provide the facilities of grading and market information.
5. To arrange for the export of the produce of the members so that they may get better returns.

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6. To make arrangements for the transport of the produce of the members from the villages to the market on collective basis and bring about a reduction in the cost of transportation.

7. To arrange the supply of inputs to the farmers like improved seeds, fertilizers, insecticides, and pesticides.

Types of co-operative marketing societies.

1. Single commodity co-operative marketing society.
   It deals with marketing of only one commodity
   eg- sugarcane co-operative marketing societies and cotton co-operative marketing societies.

2. Multi-commodity co-operative marketing societies.
   It deals in the marketing of a large number of commodities produced by the members, such as foodgrains, oilseeds & cotton.

3. Multi-purpose, multi-commodity co-operative marketing societies.
   → These societies market a large number of commodities and perform such other functions as providing credit to members, arranging for the supply of the inputs required by them, and meeting their requirements of essential domestic consumption goods.

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Q 20 Describe In detail about National Agriculture co-operative marketing Federation (NAFED) & state trading corporation.

Ans ⇒ **NAFED**

The NAFED is an apex organization of the cooperative marketing structure founded in 1958. It membership consists of state level federation, commodity federations and selected districts and primary marketing federation.

→ It has 121 member institution. membership is open to primary marketing societies with a turnover of 20 Lakhs in advanced states and Rs. 10 Lakhs and above in co-operatively backward areas.

→ 3370 primary marketing societies have affilated to NAFED as its members.

→ NAFED has 31 branches located in all major port towns and capital cities of the states.

→ These branches under take procurement operations of NAFED which are undertaken by the state co-operative marketing federations and co-operative marketing societies in various states.

Objectives of NAFED.

1. To facilliate coordinate and promote the marketing and trading activities of the co-operatives in agricultural and other commodities.

2. To undertake / promote on its own or on behalf of it member institution or government

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organization, Inter State, Intra State, International trade and undertake sale, purchase, import, export and distribution of agricultural commodities, horticulture and produce of forest.

3. To undertake purchase, sale and supply of agriculture products.

4. To own and construct its own godowns & cold storage.

5. To act as an agent of government agency or co-operative institution for the purchase, sale, storage and distribution of agricultural products.

6. To act as an insurance agent.

7. To organize consultancy work in various fields.

8. To undertake manufacture of agricultural machinary, implements, processing & packing.

9. To maintain transport units of its own or in collaboration with other organization.

10. To undertake marketing research & dissemination of market intelligence.

11. To subscribe to the share capital of other co-operatives.

12. Arranging training to employees of co-operative societies.

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Management of NAFED.

→ The management of the NAFED vests in the Board of Directors comprising one representative from each State two from NCDC, three representative of the Govt. of India and one each from RBI, SBI, STC, National Co-operative union of India and Bharat Krishak samaj.

Share capital Funds

The NAFED raises funds from.

1. Admission fee
2. share capital
3. grants in aid and donations.
4. loans and deposits.
5. Profits.

The share capital of NAFED consists of an undetermined number of shares of the value of Rs. 5000/- Each.

Operations of NAFED

1. Price support operations.
2. Internal trade
3. Foreign trade
4. production and marketing of Agricultural inputs.
5. Promotional activities
6. Developing co-operative marketing of tribal produce.
7. settling of scientific storage system.
8. Establishment of processing unit.

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State trading

One of the responsibilities of the government is to ensure the supply of essential commodities to the people. Therefore, It requires direct intervention on its parts in trading of agricultural commodities. State Trading Corporation (STC) undertakes the State trading i.e. trading by the Government. STC was started during 1957. It constituted as a limited liability company under the Indian companies Act (1956).

Objectives of state trading.

1. To make available supplies of essential commodities to consumers at reasonable price.
2. To ensure a fair price of the produce to the farmers so that they may be an adequate incentive to increase production.
3. To minimize violent price fluctuations occurring as a result of seasonal variations in supply.
4. To arrange for the supply of inputs such as fertilizers and insecticides.
5. To undertake the procurement and maintainance of buffer stock. & their distribution.
6. To arrange for storage, transportation, packaging and processing.
7. To conduct survey and provide the required statistics to the government.
8. To check hoarding, black-marketing.

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Types of state trading.

1. partial state trading.
2. complete state trading.

1. partial state trading.

→ In partial state trading, there exists the private traders and governments.

→ Trader are free to buy and sell in the market.

→ The government may place some restriction on them, such as declaration of stocks, limits on the stocks which can be held at a point of time and submission of regular accounts.

→ The government entres the market for the purchase of the commodities directly from producers at notified procurement price.

→ Hence, it safeguards the interest of producers and consumers and keeps a check on the undesirable activities of traders.

2. complete state trading

→ complete state trading is adopted by the government when partial state trading fails to ensure fair prices to producers and make goods available to consumers at resonable prices.

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Q 21. What is Risk in marketing & its types.

Ans ⇒ Risk Taking / Risk Bearing / Risk in marketing.

Market risk may be defined as the losses or damages that could accrue due to the inability to accurately predict the future state of variables connected with marketing activities.

OR. Hardy has defined risk as uncertainty about cost, loss or damage.

Types of Risk

1. Physical Risk
2. Price Risk or Market Risk
3. Institutional Risks.

1. Physical Risk

→ This includes a loss in the quantity and quality of the product during the marketing process.

→ It may be due to fire, flood, earthquake, rodent, insects, pests, fungus, excessive moisture or temperature.

2. Price Risk or Market Risk.

→ The price of agricultural products fluctuate not only from year to year, but during the year from month to month, day to day and even on the same day.

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→ The changes in price may be upward or downward.
→ sometimes, the risks are so great that they may result in a total failure of the business, and the person who owns it may become bankrupt.

3. Institutional Risks..

→ These risks include the risks arising out of a change in the government's budget policy, in tariffs and tax laws, in the movement restriction, statutory price controls and the imposition of levies.

* Minimization of Risks.

1] Reduction in physical Risk

→ use of fire proof material.
→ use of improved storage
→ quicker transportation methods.

2] Transfer of physical losses to insurance companies.

→ The burden of physical risk may be minimized by shifting it to insurance company.

3] Minimization of price Risk.

→ Fixation of minimum & maxium prices.
→ effective system of advertising.
→ scientific price information.

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Q 22 Define speculation & Hedging and write down difference between speculation & Hedging.

Ans =>

Speculation :- The fundamental ideas underlying speculation is the purchase or sale of a commodity at the present piece with the object of sale or purchase at some future date at a favorable price.

Hedging :- Hedging is a trading technique of transferring the price risk.

OR - It refers to the purchase or sale of a commodity in a futures market accompanied by a sale or a purchase in the cash markets.

Difference between speculation & Hedging.

	Speculation		Hedging
1.	purchases & sales in the cash as well as in futures markets are made with the aim of making profit.	1.	The purchase and sales are made to protect oneself against excessive price fluctuation.

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2.	Buying & selling are not necessarily opposed to each other.	2.	Buyers & sellers are always opposed to each others.
3.	It is not necessary that the two types of transactions should be of equal quantity.	3.	It is obligatory to buy and sell goods in equal quantity in the two markets.
4.	speculator purchases and sells when prices rise as per his expectations	4.	Goods are not stored by trader. only the difference in price is given or taken on the due date.

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Q 23 Write down characteristics of Agricultural product prices and need for Agricultural price policy.

Characteristics of Agricultural product prices

In agricultural based economies like India, prices of farm products undergo wide variation than in industrial goods. They have profound effect on the economy. The characteristics of agricultural product prices are presented below to design appropriate price policy.

i) production and supply of agricultural products cannot be adjusted quickly to changes in prices or demand.

ii) variability in cost of production from region to region.

iii) Wide variation in quality of products & hence prices.

iv) The prices of farm products in general exhibit co-movement at least within a group.

v) The prices of farm products vary across space.

vi) The prices of farm products in general remain low in the post-harvest period.

vii) There are multiple prices in the same market at a point of time.

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Need for Agricultural Price policy.

→ Agricultural price policy has special significance when there is a maladjustment in demand and supply and jump and down the equilibrium price level. several government interventions were initiated to protect farmers and consumers. Government undertakes the following measures.

1. Procurement operations.
2. public distribution at fixed issue prices, rationing, restrictions on movement of food grains from one place to another place. i.e. State to State.
3. Maximum controlled prices
4. minimum price for sugarcane to sugar factories.
5. Floor and ceiling prices, controls on futures trading and imports have been the major policy measures taken for regulation of prices of raw cotton and jute.

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Q24. Define Trade, write down concept and need of International trade, and diffrence between International trade & Interregional trade.

Ans => **Trade :-** Trade is a basic economic concept involving the buying and selling of goods and services, with compensation paid by a buyer to a seller.

OR - The exchange of goods or services between parties is called Trade.

International Trade

International Trade is the exchange of goods and services across International boundaries.

Interregional Trade / Domestic Trade.

Interregional Trade refers to trade between regions within a country. Thus Interregional trade is domestic or Internal Trade.

Needs of International Trade.

1. Large scale production
2. Degree of self - sufficiency
3. Geographic factors
4. Occupational Distribution
5. Means of Transporation
6. Faciliate the mobility of labor.

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* Difference between International Trade & Interregional Trade / Domestic Trade.

International Trade	Interregional Trade.
1. conducted beyond national boundary of a country.	1. conducted within the boundaries of a country.
2. Transaction is carried in convertible currencies	2. Transaction is carried on with one currency.
3. There are restrictions to movement of specific goods to specific country	3. There are no restriction in the movement of goods/ factors of labour.
4. Documents used are often complex.	4. Documents used are relatively simple.
5. Insurance of goods are often compulsory.	5. Insurance of goods are optional.
6. Its has a broder market and often sell in large quantities.	6. Its market is limited and often sell in small lots.

Advantages of International Trade.

1] Economy in the use of Productive Resources :- Each country tries to produce those goods in which it is best suited. As the resources of each country are fully exploited, there is thus a great economy in the use of productive resources.

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2] Wider Range of commodity.

→ International trade makes it possible for each country to enjoy wider range of commodities.

3] Promotes competition.

International trade promotes competition among different countries.

4] speedy Industrialization.

International Trade enables a backward country to aquire skills, machinary, and other capital equipments.

5] Fall of Price

6] Extension of means of Transportation.

Disadvantages of International Trade.

1] Exhaustion of Resources

In order to earn present export advantages as country may exploit her limited natural resources beyond proper limits.

2] Effect on domestic Industries.

3] Effect on consumption Habits.

4] Times of Emergency

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Q25 Describe the theories of comparative advantage.

Ans => Law of comparative advantage indicates that country should specialise in the production of that commodity in which it is more efficent and leave the other commodity to other country.

The two nations will then have more of both goods by engaging in trade.

Portugal has a greater comparative advantage over England in wine relating to cloth.

$$\frac{80}{120} < \frac{90}{100}, \text{ i.e. } 0.67 < 0.9.$$

And import of cloth from England which has a comparative advantage in cloth production. England will gain by specializing in producing cloth and selling it in portugal in exchange of wine.

The key to international trade lies in the theory of comparative advantage i.e. each nation specializes in the production of those commodities in which it has the highest productivity.

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country	specialization
1] US	making computers
2] Brazil	Growing coffee.

The theory of comparative advantages states that international trade is mutually beneficial even when one of the countries can produce every commodity more cheaply that the other country.

The term comparative are key term to understand this principle.

Eg. A best lawyer is best typist in the town.
A secretary is less efficient than lawyer.

The benefits of international trade result in a more efficient employment of the productive forces of the world.

sells	Buys	Good	Foreign trade.
Japan	US	Cameras.	By specializing each nation ends up consuming more than it could produce alone.
US	Australia	computers	
Australia	Japan	coal	

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Q26. Describe present status and prospects of International trade in Agri – commodities – GATT & WTO.

Ans => * GATT / WTO

Genesis of GATT / WTO

→ Brettonwood conference of 1944 recognized the need for an institution to oversee the liberalization of free trade.

→ For faciliating world trade, General Agreement on tarrifs and Trade, (GATT) was established in 1947 at Geneva in switzerland.

→ India was founder member of GATT.

→ There have been several rounds of negotiations between 1947 - 94.

Main features of GATT

1. Reduction in agricultural tarriffs by 30 % for all agricultural commodities from 1994.

2. Agricultural input subsidies are reduced by 30 %, export subsidies by 36 % and value of subsidized exports by 21 %.

3. Trade liberalisation policies would bring about 2- 10 % rise for agricultural commodity prices in international markets resulting in gain of $ 200 billion.

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5. All regulations, rules, restrictions, export duties, minimum export prices have to be removed to boost exports.

WTO

Three divisions of WTO.

1. Ministerial level conference :- Meet once in two years to take principle policy decisions.

2. General council :- consist of all members, handles day to day work of WTO.

3. Bodies :- a) Dispute settlement body.
   b) Trade policy Review body (TPRB).

Main functions of WTO.

1. In addition to goods, it covers trade in services, TRIP & 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.

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Q 27. What is Agreement on Agriculture (AoA) and its implications on Indian agricultural.

Ans ⇒ **Agreement on Agriculture (AoA).**

→ AoA was signed as part of the uruguay Round Agreement in April, 1994.

→ It came into force with effect from 1st January, 1995.

→ AoA covers three broad areas of agriculture and trade policy, namely -

i. Market Access

ii. Domestic support

iii. Export subsidy.

1. Developed countries have to reduce their tariffs by an average of 36 % over a period of 6 years from 1995 - 2000, while developing countries to reduced by 24 % in a span of 10 years from 1995 to 2004. Last developed countries are exempted.

2. India is under no obligation to reduce domestic support or subsidies currently extended to agriculture.

3. No export subsidy has been extended in India.

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Market Access, Domestic subsidy, & Export subsidy commitments under AOA.

SR. NO	Pillars of AOA	Developed countries (1995-2000)	Developing countries (1995-2004).
1.	Market access :- Tariff cuts for agricultural products (Average)	36 %	24 %
	Base period : 1986-88 min. cut per product line.	15 %	10 %
2.	Domestic support (Base-1986-88) AMS.	20 %	13 %
3.	Export subsidies (Base 1986-90)	36 %	24 %
	subsidy volume	21 %	13 %

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Q 28 Enlist trade related Intellectual Property Rights (IPR) and explain in detail.

Ans ⇒ Different form of intellectual property Rights (IPR) identified by TRIPs Agreement governed by WTO are-

1. patents
2. copyRights
3. Trademarks
4. Designs
5. Trade secrets
6. Geographical Indications.

1. Patent

A patent is an exclusive right granted to the inventor to use and market the invention for a limited period of time in consideration of the disclosure of the invention.

2. Copy Rights

copy right law deals with the rights of intellectual creators. It is concerned with protecting creativity and ingenuity. It promotes and disseminates national cultural heritage. copyright is registered at ministry of HRD which is valid for 60 years after author death.

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3. Trademark.

It is a sign that individualize the goods of given enterprise and distinguishes them from the goods of its competitors. It is limited to word marks, abbreviations, names, figures and hologram.

4. Designs

A design includes features of structure, configuration, pattern, ornament, or composition of lines and colors applied to an article in 2 or 3 dimensional form by any technical process.

5. Trade secret

It is the agreement between the employer and employee to keep the research information secreat or confidential. The employer can recover damages from the improper disclosure or use of his trade secreat by the employee.

6. Geographical Indication.

place names used to identify products such as "champagne", Requefort cheese, Basmati rice, etc.

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* Objectives *.

1. Agricultural marketing deals with both Input and output marketing.
2. Agricultural marketing is a sphere in which price determining forces operate.
3. The processing function creates form utility.
4. The storage function creates Time utility.
5. The Transportation function creates place utility.
6. The selling & buying activities of good creates Possession utility.
7. The word 'Market' is derived from a Latin word Marcatus which means Merchandise or place of business.
8. In primary wholesale market, the transactions of commodities are usually between farmer & Traders.
9. Local market area also called as village markets.
10. A market in which commodities are transacted in large quantities is Wholesale market.
11. Retail markets are closest to the consumers in marketing chain.
12. Short period market deals with perishable commodities.
13. Long period market deals with Durable commodities.
14. The markets which are permanent in existence are called secural markets.
15. The market which deals with shares, bonds, securities, etc, is called capital markets.
16. Cash market also called as spot market.
17. perfect markets deals with Homogeneous good.

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18. In Regulated markets marketing costs & practices are regulated.

19. Forward market is otherwise called as future market.

20. Marketable surplus = Total production – Total consumption.

21. The market structure determines both market conduct and market performance.

22. In decentralized grading, quality specification will be laid down based on physical properties.

23. Open auction method of sale is buyers market.

24. Transportation accounts for 50 % of the total cost of marketing of agricultural commodities.

25. FCI is regarded as efficient manager of food economy in the country.

26. Market News refers to information pertaining to market arrivals and prices of commodities in the current period.

27. Grading done by the farmer or at the farmer level is called kaccha grading.

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