

AGRIBUSINESS MARKETING AND TRADE

Agribusiness is the business of agricultural production. The term was coined in 1957 by Goldberg and Davis. It includes agrichemicals, breeding, crop production (farming and contract farming), distribution, farm machinery, processing, and seed supply, as well as marketing and retail sales. All agents of the food and fiber value chain and those institutions that influence it are part of the agribusiness system.

Within the agriculture industry, "agribusiness" is used simply as a portmanteau of agriculture and business, referring to the range of activities and disciplines encompassed by modern food production. There are academic degrees in and departments of agribusiness, agribusiness trade associations, agribusiness publications, and so forth, worldwide.

The UN's Food and Agriculture Organization (FAO) operates a section devoted to agribusiness development, which seeks to promote food industry growth in developing nations.

In the context of agribusiness management in academia, each individual element of agriculture production and distribution may be described as agribusinesses. However, the term "agribusiness" most often emphasizes the "interdependence" of these various sectors within the production chain. Different authors have defined business differently. It is a concept easy to understand but difficult to define. In simple words "business means the state of being busy". Broadly, business involves activities connected with the production of wealth. It is an organized and systematized human activity involving purchase of goods and service with the object of selling them at a profit. Business concerns with buying and selling goods, manufacturing goods or providing services in order to earn profit.

Agribusiness its Scope and Features:

The word agriculture indicates plowing a field, planting seed, harvesting a crop, milking cows, or feeding livestock. Until recently, this was a fairly accurate picture. But today's agriculture is radically different.

Agriculture has evolved into agribusiness and has become a vast and complex system that reaches far beyond the farm to include all those who are involved in bringing food and fiber to consumers. Agribusiness include not only those who cultivate the land but also the people and firms that provide the inputs (for example. Seed, chemicals, credit etc.), process the output (for example Milk, grain, meat etc.), manufacture the food products (for example. ice cream, bread, breakfast cereals etc.), and transportation and selling the food products to consumers (for example. restaurants, supermarkets).

Agribusiness system has undergone some rapid transformation as new industries have evolve and traditional farming operations have grown larger and more specialized. The transformation did not happen overnight, but came slowly as a response to a variety of forces. Knowing something about how agribusiness came about makes it easier to understand how this system operates today and how it is likely to change in the future.

Initially agriculture being the major venture it was easy to become a farmer, but productivity was low. Average farmer produced enough food to feed just four people. As a consequence, most farmers were nearly totally self-sufficient. They produced most of the inputs they needed for production, such as seed, draft animals, feed and simple farm equipment. Farm families processed the commodities they grew to make their own food and clothing. They consumed or used just about everything they produced. The small amount of output not consumed on the farm was sold for cash. These items were used to feed and clothing the minor portion of the country's population that lived in villages and cities. A few agricultural products made their way into the export market and were sold to buyers in other countries. Farmers found it increasingly profitable to concentrate on production and began to purchase inputs they formerly made themselves. This trend enabled others to build business that focused on meeting the need for inputs used in production agriculture such as seed, fencing, machinery and so on. These farms involved into the industries that make up the "agricultural inputs sector". Input farms are major part of agribusiness and produce variety of technologically based products that account for approximately 75 per cent of all the inputs used in production agriculture. At the same time, the agriculture input sector was evolving, a similar evaluation was taking place in output sector. The commodity processing and food manufacturing moved off the farm. The form of most commodities (wheat, rice, milk, livestock and so on) must be changed to make them more useful and convenient for consumers. For example, consumers would rather buy flour than grind the wheat themselves before baking a cake. They are willing to pay extra for the convenience of buying the processed commodity (flour) instead of the raw agriculture commodity (wheat).

During the same period technological advances were being made in food preservation method. Up until this time the perishable nature of most agriculture commodities meant that they were available only at harvest. Advances in food processing have made it possible to get those commodities throughout the year. Today even most farm families use purchased food and fiber products rather than processing themselves. The farms that meet the consumers demand for greater processing and convenience also constitute a major part of agribusiness and are referred to as the processing manufacturing sector. It is apparent that the definition of agriculture had to be expanded to include more than production. Farmers rely on the input industries to provide the products and service they need to produce agricultural commodities. They also rely on commodity processors, food manufactures, and ultimately food distributors and retailers to purchase their raw agricultural commodities and to process and deliver them to the consumer for final sale. The result is the food and fiber system.

The food and fiber system is increasingly being referred to as "agribusiness". The term agribusiness was first introduced by Davis and Goldberg in 1957. it represents three-part system made up of

- (1) the agricultural input sector
- (2) the production sector and
- (3) the processing-manufacturing sector.

It is important to visualize that these three sectors as interrelated parts of a system in which the success of each part depends heavily on the proper functioning of the other two.

DISTINCT FEATURES OF AGRIBUSINESS

1. variations in the kinds of business in agribusiness sector: basic producers, wholesalers, transporters, etc.
2. Large number of different businesses are evolved from the producer to retailers
3. Built around several millions of farm producers;
4. Revolves around the farm, without farms, agribusiness would not have something to process, distribute, etc.
5. Vary in their sizes right from one person or one family organization to large giants
6. Small and compete in a relatively free market
7. Product differentiation is common because of the brand and composition of the products.
8. Community oriented in the sense most of them are located in small towns and rural areas
9. Highly seasonal in their nature due to the fact that they depend on farm production
10. Affected by natural calamities like drought, floods, insects and pests and diseases
11. Vertical structure composed of input suppliers, farmers, processors, transport operators, financiers, wholesalers, retailers, and consumers.
12. The Government programs and policies have direct impact on agribusiness.

Requisite of Successful Agribusiness:

Today the business has become very competitive and complex. This is mainly due to changing taste and fashion of the consumers on the one hand, and introduction of substitute and cheaper and better competitive goods, on the other. The old dictum “produce and sells” has changed overtime into “produce only what customers want”. In fact, knowing what customers want is never simple. Nevertheless, a farmer operator/farmer manager has to give proper thought to this consideration in order to make his business a successful one. The important requisites for success in a modern business are:

1. Clean objectives: Determination of objectives is one of the most essential pre-requisite for the success of business. The objectives set forth should be realistic and clearly defined. Then, all the business efforts should be geared to achieve the set objectives. In a way, objectives are destination points for an agribusiness. As a traveler must know where he/she has to reach, i.e. destination.

2. Planning: In simple words, planning is a pre-determined line of action. The accomplishment of objectives set, to a great extent, depends upon planning itself. It is said that it does not take time to do thing but it takes time to decide what and how to do. Planning is a proposal based on past experience and present trends for future actions. In other words, it is an analysis of a problem and finding out the solutions to solve them with reference to the objective of the farm.

3. Sound Organization: An organization is the art or science of building up systematical whole by a number of but related parts. Just as human frame is build up by various parts like heart, lever, brain, legs etc. similarly, organization of business is a harmonies combination of men, machine material, money management etc. so that all these could work jointly as one unit.

4. Research: As indicated earlier, today’s agricultural production philosophy is “produce what the consumer wants”.

Consumer’s behavior is influenced by variety of factors like cultural, social, personal and psychological factors. The business needs to know and appreciate these factors and then function accordingly. The knowledge of these factors is acquired through market research. Research is a

systematic search for new knowledge. Market research enable a business in finding out new methods of production, improving the quality of product and developing new products as per the changing tastes and wants of the consumers.

5. Finance: Finance is said to be the life-blood of business enterprise. It brings together the land, labor, machine and raw materials into production. Agribusiness should estimate its financial requirements adequately so that it may keep the business wheel on moving. Therefore, proper arrangements should be made for securing the required finance for the enterprise.

6. Proper Plant Location, Layout and Size: The success of agribusiness depends to a great extent on the location. Location of the business should be convenient from various points of view such as availability of required infrastructure facilities, availability of inputs like raw materials, skill labor, distance from the market etc. Hence the business men must take sufficient care in the initial stages to selected suitable location for his business. The size of the business is also important because the requirement for infrastructural facilities and inputs varies as per the size of the business. The requirement for raw materials, for example, will be less in a small firm than a large one.

7. Efficient Management: One of the reasons for failure of business often attributed to as their poor management or inefficient management. The one man, i.e. the proprietor may not be equally good in all areas of the business. Efficient businessman can make proper use of available resources for achieving the objectives set for the business.

8. Harmonious Relations with the Workers: In an agribusiness organization, the farmer operator occupies a distinct place because he/she is the main living factor among all factors of production. In fact, it is the human factor who makes the use of other non-human factors like land, machine, money etc. Therefore, for successful operation of business, there should be cordial and harmonious relations maintained with the workers/labors to get their full cooperation in achieving business objectives.

Management

There is no single definition of management, following are the definitions given by some renowned management specialists

Henry Fayol who is considered as the father of principles of management

“To manage is to forecast, to plan, to organize, to command coordinate and to control”.

Frederick Winslow Taylor

“Management is knowing exactly what you want men to do and then seeing that they do it in the best and cheapest way”.

Mary parker

“Management is the art of getting things done through people”.

Per Drucker