

Marketing Channels:

Meaning: Farmers producing agricultural produce are scattered in remote villages while consumers are in semi-urban and urban areas. This produce has to reach consumers for its final use and consumption. There are different agencies and functionaries through which this produce passes and reaches the consumer. A market channel or channel of distribution is therefore defined as a path traced in the direct or indirect transfer of title of a product as it moves from a producer to an ultimate consumer or industrial user. Thus, a channel of distribution of a product is the route taken by the ownership of goods as they move from the producer to the consumer or industrial user.

Factors affecting channels: There are several channels of distribution depending upon type of produce or commodity. Each commodity group has slightly different channel. The factors are:

1. Perishable nature of produce .e.g. fruits, vegetables, flowers, milk, meat, etc.
2. Bulk and weight—cotton, fodders are bulky but light in weight.
3. Storage facilities.
4. Weak or strong marketing agency.
5. Distance between producer and consumer. Whether local market or distant market.

Types of Market Channels:

Some of the typical marketing channels for different product groups are given below:

A. Channels of rice:

1. Producer—miller->consumer (village sale)
2. Producer—miller->retailer—consumer (local sale)
3. Producer—wholesaler->miller—retailer—consumer
4. Producer—miller—cum-wholesaler—retailer—consumer
5. Producer—village merchant—miller—retailer—consumer
6. Producer—govt. procurement—miller—retailer—consumer

B. Channel of other food grains:

1. Producer – consumer (village sale)
2. Producer—village merchant—consumer (local sale)
3. Producer—wholesaler-cum-commission agent retailer—consumer
4. Producer—primary wholesaler—secondary wholesaler— retailer— consumer
5. Producer—Primary wholesaler—miller—consumer (Bakers).
6. Producer->govt. procurement—retailer—consumer.
7. Producer—government—miller—retailer—consumer.

C. Channels of cotton:

1. Producer—village merchant—wholesaler or ginning factory— wholesaler in lint—textile mill (consumer)

2. Producer–Primary wholesaler–ginning factory–secondary wholesaler–consumer (Textile mill)
3. Producer–Trader–ginning factory–wholesaler in lint–consumer (Textile mill)
4. Producer–govt. agency–ginning factory–consumer (Textile mill).
5. Producer–Trader–ginning factory–wholesaler–retailer–consumer (non-textile use).

D. Channels of Vegetables:

1. Producers–consumer (village sale)
2. Producer–retailer–consumer (local sale)
3. Producer–Trader–commission agent–retailer–consumer.
4. Producer–commission agent–retailer–consumer
5. Producer–primary wholesaler–secondary wholesaler–retailer–consumer (distant market).

E. Channels of Fruits:

1. Producer–consumer (village sale)
2. Producer–Trader–consumer (local sale)
3. Producer–pre-harvest contractor–retailer–consumer
4. Producer–commission agent–retailer–consumer.
5. Producer–pre-harvest contractor–commission agent–retailer–consumer
6. Producer–commission agent–secondary wholesaler–retailer–consumer (distant market).

These channels have great influence on marketing costs such as transport, commission charges, etc. and market margins received by the intermediaries such as trader, commission agent, wholesaler and retailer. Finally this decides the price to be paid by the consumer and share of it received by the farmer producer. That channel is considered as good or efficient which makes the produce available to the consumer at the cheapest price also ensures the highest share to the producer.

Role of Agricultural marketing in Economic Development

Agricultural marketing plays an important role not only in stimulating production and consumption, but in accelerating the pace of economic development. The agriculture marketing system plays a dual role in economic development in countries whose resources are primarily agricultural. Increasing demands for money with which to purchase other goods leads to increasing sensitivity to relative prices on the part of the producers, and specialization in the cultivation of those crops on which the returns are the greatest, subject to socio-cultural, ecological and economic constraints. It is the marketing system that transmits the crucial price signals.

1. Agricultural Marketing is one of the manifold problems, which have direct bearing upon the prosperity of the cultivators, as Pakistan is an agricultural country and about 65% of its population depends on agriculture.
2. Development of technology, quick means of communication and transportation has introduced specialization in agriculture.
3. Agriculture supplies raw materials to various industries and therefore, marketing of such commercial crops like cotton, sugarcane, oilseeds etc. assumes greater importance.
4. With the introduction of green revolution agricultural production in general and food grains in particular has substantially increased. Agriculture once looked as a subsistence sector is slowly changing to a surplus and business proposition.
5. The interaction among producers, market functionaries, consumers and government that determine the cost of marketing and sharing of this cost among the various participants.
6. The producer, middleman and consumer look upon the marketing process from their own individual point of view. The producer is primarily concerned with selling his products.
7. Any increase in the efficiency of the marketing process, which results in lower costs of distribution at lower prices to consumers, really brings about an increase in the national income.
8. A reduction in the cost of marketing is a direct benefit to the society.
9. Marketing process brings a new varieties, qualities and beneficial goods to consumers and therefore, marketing acts as a line between production and consumption.
10. Scientific, systematic marketing stabilizes the price level.
11. An improved marketing system will stimulate the growth of number of agro based industries mainly in the field of processing.
12. A marketing system can become a direct source of new technical knowledge and induce farmers to adopt up to date scientific methods of cultivation.

Marketing is therefore, playing an important role in the economic development and stability of a country.

Problems with Agricultural marketing system in Pakistan:

- 1. Collection of produce from large number of farmers:** In the last two decades, the agricultural output per hectare has considerably increased. Farming is no longer a way of life. It is now a profitable business. Since every farmer has now some produce to sell and they lie scattered, therefore the collection of produce from so many farms is an expensive matter. It is also a great handicap in the way of efficient marketing.
- 2. Large number of intermediaries:** There are large number of intermediaries/ middlemen who are engaged in handling of farm produce from the growers on to the