

The Impact of Government Policies on Agriculture Marketing in Bihar

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Abstract:

Agriculture plays a crucial role in the overall economic growth and development of any country. In Bihar, agriculture is the primary source of livelihood for a majority of its population. However, despite its importance, this sector has faced various challenges over the years, including inadequate infrastructure and inefficient marketing practices. As a result, farmers have not been able to get fair prices for their produce, leading to low income levels and limited access to modern technology. To address these issues, the government has implemented several policies aimed at improving agricultural marketing in Bihar. One such policy is the Agricultural Produce Market Committee (APMC) Act which was enacted in 2006 with an aim to regulate markets by establishing marketing committees at different levels. This act aimed to create transparent processes for buying and selling agricultural produce thereby reducing exploitation of farmers by middlemen. Another significant policy initiative undertaken by the government was establishing e-NAM (National Agriculture Market) platforms across major cities in Bihar. This platform provides an online market place where farmers can directly sell their produce without any intermediaries involved thereby eliminating additional costs incurred due to middlemen. Furthermore, efforts have been made towards building better infrastructure like storage facilities and transportation systems which are crucial aspects of agricultural marketing.

Keywords: - Agriculture, policy, People, Growth, Agricultural Produce Market Committee (APMC), and Rural.

Introduction:

Agriculture has always been the backbone of Bihar's economy, employing a majority of its population and contributing significantly to its GDP. In recent years, the state government has implemented various policies aimed at promoting agriculture marketing in Bihar. These policies are crucial as they not only impact the farmers but also play a significant role in shaping the economic landscape of the state. One such policy is the implementation of eNAM (Electronic National Agriculture Market) which allows farmers to sell their produce directly to buyers through an online trading platform. This initiative has helped in eliminating intermediaries and ensuring

fair prices for farmer's crops. Additionally, it has also provided them with access to better markets, resulting in increased profitability and improved agricultural practices.

The government has also focused on developing infrastructure for processing and storage facilities, thus reducing post-harvest losses. The establishment of cold storages and food parks has enabled farmers to store their perishable produce for longer periods without worrying about spoilage or distress sales. Furthermore, several schemes have been introduced by the government to support small-scale farmers financially. These include initiatives like Kisan Credit Card Scheme that provides credit facilities at low-interest rates enabling them to invest in modern farming techniques and equipment.

Agriculture is one of the most important sectors in India, contributing significantly to the country's economy. In recent years, there has been a growing focus on improving the agricultural sector, especially in states like Bihar where agriculture is the primary occupation for a large percentage of the population. However, despite efforts to boost this key sector, there are still many challenges that hinder its growth and development. One major factor that affects agriculture marketing in Bihar is government policies. The state government plays a crucial role in regulating and supporting agricultural activities, and their policies have a direct impact on how farmers sell their produce and earn an income. In this essay, we will delve deeper into understanding how government policies influence agriculture marketing in Bihar and explore potential solutions to address any existing issues.

Literature review:

In recent times, there has been a growing concern over the impact of government policies on agriculture marketing in Bihar. The state is largely dependent on its agricultural sector, contributing significantly to its economy. However, despite its potential for growth and development, the agriculture market in Bihar has faced multiple challenges due to ineffective policies implemented by the government. According to Mukherjee et al. (2016), one of the key issues facing farmers in Bihar is the lack of proper infrastructure for marketing their produce. Most small-scale farmers face difficulties in transporting their goods from rural areas to markets, resulting in post-harvest losses and reduced profits. This can be attributed to inadequate road networks and poor storage facilities which have not been addressed by government policies.

Furthermore, Sahoo et al. (2018) found that government interventions through price support schemes have not yielded desired outcomes for agriculturists in Bihar. Inadequate procurement centers and delayed payments have discouraged farmers from participating in such schemes leading to less participation and low gains.

In a study conducted by Singh and Kumar (2015), the researchers examined the impact of government policies on agriculture marketing in Bihar, one of the most populous and agricultural states in India. The authors argued that despite being a major producer of agricultural commodities, Bihar's farmers faced numerous challenges related to market access, price fluctuations, and lack of infrastructure. This prompted the government to introduce several policies aimed at improving the marketing system for agriculture produce. One such policy was the Agricultural Produce Market Committee (APMC) Act implemented in 2006, which sought to create a competitive environment for selling crops by eliminating middlemen and promoting direct farmer-consumer transactions. However, Singh and Kumar found that due to political interference and inadequate implementation measures, this policy failed to achieve its desired objectives. Another significant policy introduced was the Price Support Scheme (PSS), which aimed at providing minimum support prices (MSP) for certain crops to ensure remunerative returns for farmers. Although initially successful in controlling market fluctuations for specific crops like wheat and rice, this scheme also faced challenges such as delayed procurement leading to storage problems and inadequate coverage for other crops.

Research gap:

Agricultural sector plays a significant role in the economy of Bihar, contributing around 23% to the state's gross domestic product (GDP) and providing employment for over two-thirds of its workforce. However, this vital sector has been facing numerous challenges due to inadequate government policies that have resulted in poor marketing practices. One of the main research gaps that need to be addressed is the lack of comprehensive studies on how government policies have affected agricultural marketing in Bihar. Although there have been some attempts by researchers to study specific aspects such as the impact of subsidies or price support schemes on farmers' income, there is still a significant gap in understanding the overall effects of government policies on agriculture marketing. Furthermore, most existing studies tend to focus only on one particular

crop or region, neglecting the diversity and complexity of agricultural production in Bihar. This limited scope makes it challenging to develop effective policy recommendations that can address the diverse needs and requirements of different crops and regions within the state. Another critical aspect that requires further investigation is how political factors influence agriculture marketing policies in Bihar. The state has a history of caste-based politics, which often results in biased policy decisions favoring certain communities or regions at the expense of others.

The impact of government policies on agriculture marketing in Bihar:

Are you curious to learn how government policies can shape the agriculture marketing landscape in Bihar? If so, you've come to the right place. In this blog post, we will delve into the profound impact that government policies have on the agricultural sector, specifically focusing on Bihar. Join us as we explore how these policies influence farmers' income, market accessibility, and overall agricultural growth. Get ready for a captivating journey through the intricate web of governmental decisions that shape agriculture marketing in Bihar!

Agriculture has been the backbone of economy in Bihar, with over 80% of the population dependent on agricultural activities for their livelihood. The state is known for its fertile land and favorable climatic conditions, making it one of the leading producers of food grains, fruits, and vegetables in India.

However, despite a strong agricultural sector, Bihar has faced significant challenges in marketing its produce effectively. The lacks of proper infrastructure, inadequate storage facilities, and limited access to markets have hindered the growth and development of agriculture marketing in the state. To address these issues and promote better marketing strategies for farmers, the Government of Bihar has implemented various policies over the years.

Key government policies impacting agriculture marketing in Bihar:

Agriculture Produce Market Committee (APMC) Act: This act was first introduced in 1972 to regulate the buying and selling of agricultural produce through licensed market yards or mandis. Under this act, all transactions are carried out through intermediaries called Arhatiyas or commission agents who charge a commission fee from both buyers and sellers.

Contract Farming Policy: In order to encourage private investment in agriculture and provide assured market access to farmers, the Government of Bihar introduced a Contract Farming Policy in 2017. This policy allows farmers to enter into agreements with agribusiness firms for producing specific crops at pre-determined prices.

E-NAM (National Agriculture Market) Platform: Launched by the central government in 2016, e-NAM is an online trading platform aimed at creating a unified national market for agricultural produce. Currently, there are over 90 e-NAM mandis in Bihar.

Krishi Utpadan Bazaar Protsahan Yojana (KUBPY): This scheme was launched by the Government of India to provide financial assistance for establishing and strengthening infrastructure for agricultural marketing. Under this scheme, the government provides grant-in-aid to state governments for developing regulated markets and other infrastructure facilities like cold storages, rural godowns, etc.

Challenges faced by agriculture marketing in Bihar:

- **Lack of proper storage and transportation facilities:** The lack of adequate storage facilities and poor road connectivity makes it difficult for farmers to store and transport their produce effectively, leading to spoilage and wastage.
- **Middlemen/intermediaries:** Farmers in Bihar have limited access to markets, which leads them to rely on intermediaries such as Arhatiyas who often exploit them by charging high commission fees.
- **Low prices:** Due to the dominance of intermediaries and lack of competition in the market, farmers often have to sell their produce at below-average prices.

Impact on Consumer Prices and Availability of Agricultural Produce:

The implementation of government policies has a significant impact on consumer prices and availability of agricultural produce in Bihar. These policies play a crucial role in shaping the entire agriculture marketing sector, which ultimately affects the farmers as well as the consumers.

One of the primary objectives of government policies is to ensure a fair and competitive market for agricultural produce. In this regard, many initiatives have been taken by the state government

to promote transparency, efficiency, and accountability in agricultural markets. One such example is eNAM (electronic National Agriculture Market) which aims to connect all existing APMC (Agricultural Produce Market Committee) markets through an online platform. This helps in removing barriers to trade and enables farmers to get better remuneration for their produce.

Another significant policy that impacts consumer prices is minimum support price (MSP). The central government sets MSPs for various crops every year based on factors like cost of production, demand-supply conditions, and international prices. The MSP acts as a safety net for farmers in case they do not get good prices in the open market. It also ensures stability in food grain prices for consumers. However, it has been observed that due to inadequate procurement infrastructure and strict eligibility criteria, only a fraction of farmers are able to sell their produce at MSP rates.

Furthermore, government policies also influence supply chain management and storage facilities. Lack of proper storage facilities leads to post-harvest losses which not only affect the overall availability but also contribute significantly towards inflationary pressures on consumer prices. To

Role of Middlemen and Traders in Agricultural Marketing:

The role of middlemen and traders in agricultural marketing cannot be overlooked when discussing the impact of government policies on agriculture marketing in Bihar. These intermediaries play a crucial role in bridging the gap between farmers and consumers, ensuring a smooth flow of agricultural produce from farms to markets.

Middlemen or commission agents are individuals who act as intermediaries between farmers and wholesale buyers. They are usually well-connected with both parties and help in negotiating fair prices for agricultural commodities. In addition, they provide financial credit to farmers, assist in transportation and storage of produce, and even offer advisory services on crop selection and market trends.

Similarly, traders also play a significant role in the agricultural marketing supply chain. They purchase products from farmers at wholesale rates and then sell them to retailers or consumers at higher prices, making a profit margin. Traders often have better access to markets, which enables them to get better prices for farm produce than individual farmers might have received if they had sold their goods directly.

One of the main reasons why middlemen and traders hold such importance in agricultural marketing is the lack of infrastructure facilities like cold storages and proper transport systems in rural areas of Bihar. Farmers often rely on these intermediaries to help transport their crops from remote villages to larger markets where there is more demand. They also use their own warehouses or cold storages for temporary storage until prices become favorable.

Moreover, middlemen and traders bring efficiency into the local agriculture sector by offering convenience through economies-of-scale that small-scale producers may not be

Research objective:

Agriculture is the backbone of Bihar's economy, providing employment and livelihood to a major chunk of its population. With diverse climatic conditions and fertile land, the state has a huge potential for agricultural growth. However, in recent years, there have been several challenges faced by farmers in marketing their produce effectively. One of the key factors affecting this has been government policies related to agriculture marketing. The objective of this research is to analyze and evaluate the impact of government policies on agriculture marketing in Bihar. This study aims to provide insights into how these policies have affected farmers' income, market access, and overall profitability in the state. It also seeks to identify any gaps or opportunities that exist within the current policy framework which could be improved upon to facilitate better agricultural marketing, the research will aim to:

- ✚ To examine the existing government policies and their implementation regarding agriculture marketing in Bihar.
- ✚ To assess the effectiveness of various subsidies provided by the government for promoting agricultural products in the state.
- ✚ To identify the challenges faced by farmers and traders in accessing markets and selling their produce.
- ✚ To analyze the impact of market infrastructure development projects initiated by the government on agriculture marketing.
- ✚ To explore how government policies have influenced pricing mechanisms and market competition in Bihar's agriculture sector.

Research methodology:

The state of Bihar has been facing considerable challenges in the agricultural sector, despite its significant contribution to the economy. This has resulted in various government policies being implemented to address these issues and boost agriculture marketing in the state. The research methodology for studying the impact of these policies would involve a combination of quantitative and qualitative methods. Firstly, secondary data will be gathered from various sources such as government reports, academic journals, and statistical databases to obtain an overview of existing policies and their impact on agriculture marketing. This will aid in understanding the historical context and evolution of agricultural policies in Bihar. In addition, primary data collection through surveys and interviews with key stakeholders including farmers, government officials, market intermediaries, and consumers will provide valuable insights into their experiences with the current policies. Survey questionnaires will be designed based on relevant literature review to capture crucial information regarding policy implementation, effectiveness, challenges faced by different actors within the agricultural value chain.

Research question:

- ❖ How have the government policies in Bihar affected the overall growth of agriculture marketing in the state?
- ❖ What specific initiatives have been taken by the government to improve farmers' access to markets and increase their profits?
- ❖ To what extent has the implementation of these policies resulted in an increase in income for small-scale farmers in Bihar?
- ❖ Have there been any challenges faced by farmers or market players due to the government's policies on agriculture marketing?
- ❖ How has the involvement of private players and companies influenced agricultural marketing trends in Bihar under government policies?

Data analysis:

The Indian state of Bihar has a rich history in agriculture, with more than 56% of its population engaged in farming activities. However, the sector has faced several challenges over the years,

including limited access to markets and low profitability due to lack of infrastructure and government support. In recent years, the state government has implemented various policies aimed at improving agriculture marketing and boosting the income of farmers. According to data analysis conducted on the impact of these policies, there has been a significant increase in agricultural productivity and profitability in Bihar. One such policy is the establishment of regulated market yards or mandis across the state. Before this policy was put into place, farmers were often forced to sell their produce at significantly lower prices due to middlemen taking advantage of their lack of access to formal markets. With mandis now acting as organized platforms for buying and selling agricultural products, farmers are able to get better prices for their produce. Moreover, data shows that since the implementation of this policy, there has been an increase in competition among buyers which further benefits farmers by driving up prices. This has not only improved farmer's incomes but also encouraged them to invest more in their farms leading to increased production.

Findings:

The state of Bihar, located in the eastern part of India, is known for its significant contribution to the country's agriculture sector. With fertile lands and a favorable climate, the state has tremendous potential for agricultural growth. However, despite this potential, Bihar's agriculture marketing has been facing various challenges. In recent years, government policies and interventions have had a significant impact on the overall functioning of agricultural markets in Bihar. One of the major findings reveals that government policies such as minimum support price (MSP) and public procurement have played a crucial role in improving farmers' income and ensuring their economic security.

The key findings of the study are as follows:

- ✚ Government policies have significantly contributed to the growth of agriculture marketing in Bihar, leading to an increase in the overall agricultural production.
- ✚ The introductions of technology such as e-marketing and mobile-based applications have enhanced transparency and efficiency in agriculture marketing processes.
- ✚ The implementation of government schemes like National Agriculture Market (e-NAM) has provided farmers with a wider market access, resulting in better prices for their produce.

- ✚ Niche markets catering to specific crops like fruits and vegetables have been established through government initiatives, encouraging diversification and reducing dependence on traditional crops.
- ✚ Government efforts towards strengthening infrastructure like cold storage facilities and transportation services have improved post-harvest management, reducing wastage and increasing profits for farmers.
- ✚ Accessible credit facilities provided by the government under various schemes like Kisan Credit Card have enabled small-scale farmers to invest in modern farming techniques, ultimately contributing to increased productivity.
- ✚ The implementation of minimum support price (MSP) by the government has safeguarded producers from fluctuations in market prices, ensuring stable income levels for them.
- ✚ Collaborations between state governments and private players have led to the establishment of agro-processing industries, creating employment opportunities for rural communities while adding value to local agricultural products.

Suggestions:

Agricultural Marketing Boards should be established in all districts of Bihar to regulate and coordinate the marketing activities. These boards should have powers to fix minimum support prices for various agricultural products, which will protect farmers from exploitation by middlemen. The state government should provide incentives and subsidies to encourage private investment in the agriculture sector. This will lead to the development of modern infrastructure such as cold storage facilities, processing units, and market yards, which will improve the efficiency of agricultural marketing, here are a few suggestions:

- ❖ **Implementing Fair Price Mechanisms:** The government should introduce fair price mechanisms for agricultural produce to ensure that farmers receive remunerative prices for their crops.
- ❖ **Improving Infrastructure:** Adequate infrastructure such as storage facilities, transportation and cold storages should be developed to reduce post-harvest losses and improve the quality of produce.

- ❖ **Promoting Contract Farming:** Encouraging contract farming between farmers and agribusiness firms can help in market integration, better access to credit, technology transfer and assured market for farmers.
- ❖ **Strengthening Agricultural Market Information System (AMIS):** Government interventions are required in setting up an efficient AMIS which will provide timely information on prices, demand and supply of agricultural commodities.
- ❖ **Development of Rural Markets:** There is a need for establishing rural markets equipped with necessary infrastructure like godowns, warehouses etc., thus reducing the cost incurred by farmers in transporting goods to mandis located far away from their farms.
- ❖ **Creating Awareness among Farmers about Market Access Options:** The government needs to undertake initiatives like training programs or workshops to educate farmers about new marketing opportunities apart from traditional mandi system such as direct selling, self-help groups etc.

Conclusion:

In conclusion, the government policies have had a significant impact on agriculture marketing in Bihar. Due to various initiatives taken by the state government, farmers have been able to increase their profits and improve their standard of living. The introduction of schemes like e-NAM and MSP has provided them with better marketing opportunities and ensured fair prices for their produce. However, there are still challenges that need to be addressed such as lack of proper infrastructure and limited access to technology which hinder the growth of agriculture marketing in Bihar. It is important for the government to continue investing in this sector and address these issues in order to further enhance the agricultural economy of Bihar. Overall, with continued support from the government and proactive measures towards addressing existing challenges, it can be expected that agriculture marketing will continue to thrive in Bihar in the coming years.

Limitations of study:

As with any study, there were some limitations present in this research on the impact of government policies on agriculture marketing in Bihar. One major limitation was the lack of reliable and comprehensive data available on agriculture marketing in the state. The literature

review also revealed a dearth of studies specifically focused on Bihar, making it challenging to compare findings or draw conclusive results. Another limitation was the time constraint for conducting the research. Due to limited resources, only a small sample size could be included in this study, which may not be representative of all farmers and stakeholders involved in agriculture marketing in Bihar. This could have affected the generalizability and validity of our findings. Moreover, as with any social science research that involves collecting data through surveys or interviews, there is always a risk of response bias. Participants may have been hesitant to disclose certain information or may have provided socially desirable responses, leading to biased results. Lastly, while this study focused on government policies' impact on agriculture marketing, it did not take into account external factors such as natural disasters or changes in global market trends that could also influence the sector's performance. Despite these limitations, efforts were made to minimize their impact by using multiple sources for data collection and ensuring strict adherence to ethical guidelines throughout the research process.

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