

# Process of Agricultural Marketing

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The marketing system is not complete unless the commodities are made available in the form they are needed, at the time they are needed and at a place they are needed by the consumers. In making availability of the commodities from the producers to the ultimate consumers, three processes are involved *viz.*, 1. Assembling (concentration), 2. Equivalisation and 3. Dispersion (distribution).

## 1) Assembling

Assembling begins with the collection of surpluses of individual farmers. This becomes essential in moving the produce to the consuming markets, in sufficient quantities to permit efficient processing, transportation, storage, *etc.* This process of concentration is called as assembling. Assembling takes two forms *i.e.*, one is primary assembling and the other is secondary assembling.

- a. **Primary Assembling:** The produce is assembled in the villages and primary markets as the farmers feel it convenient in view of small quantities of produce, pressing demand for cash, lack of transport facilities, paucity of information on the prices, *etc.*, prevailing in the other markets. The prominent functionaries are village merchants and itinerant traders or merchants\*
- b. **Secondary Assembling:** It succeeds primary assembling. It is associated with greater concentration. These are initially found in the producing areas and then in the consuming areas. New functionaries like commission agents join in the secondary assembling. These are the wholesale markets. The percentage of marketable surplus that arrives stands at around 70 to 75 per cent at this stage, before it is dispersed to different consuming areas. In the secondary assembling, the role of commission agents is of paramount importance.

## 2) Equivalisation

It is the adjustment of supply and demand as per the requirements based on the time, place and quantity. Equivalisation though tends to be confined to the wholesale markets, but to some degree or the other, it is also found in marketing channels as well.

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\* These are the petty traders generally without shops, who move from village to village with their carts, buy from the farmers and sell in the near by markets. It is a continuous activity for them.

well. With demand being spread throughout the year, the supplies should be made available as per the consumption requirements of the people. Storage has an important function here, to hold back the stock for timely release. Also certain agricultural commodities are area-specific and there are certain areas with abundant production and some other areas with deficit production. Through the process of equalisation the products are moved from surplus areas to deficit areas. Transportation should be well developed in this regard. Adjustment of quantities as per the requirements is another important aspect of equalisation. The requirements of one market to other market vary. Keeping this in view, the required quantity should be moved from assembling centers to the consuming markets.

### 3) Dispersion

The produce that is collected from producing areas should be made available to the millions of consumers through the consuming markets. From the major wholesale markets the process of dispersion starts. Dispersion is seen through various marketing channels. In respect of those products, which need processing before they are suitable for consumption, are moved to processors. The processed products then are channeled to the ultimate consumers. Commodities like paddy, cotton, sugarcane, etc., need to be processed before consumption in the form of rice, yarn and cloth, sugar or jaggery, etc., respectively.

## MARKETING FUNCTIONS

Marketing facilitates the transfer of ownership of the products from the producers to the consumers. In the transfer of ownership from the producer to the ultimate user, several activities are performed. *Now marketing function can be identified as a single activity, which facilitates the movement of the product from the point of its production till it reaches the ultimate consumer.* Marketing function encompasses the broad functions of concentration and dispersion. Marketing functions vary for different commodities. The marketing functions of fruits and vegetables vary from that of cereals and pulses. For the same commodity, the farmer may sell part of the commodity directly to the consumer and the rest of the product may be bagged and transported to the nearby primary markets. With this background, marketing functions are presented as per the following classification.

- (1) Function of Transfer of Ownership
  - (a) Selling
  - (b) Buying
  - (c) Demand creation and
  - (d) Price determination.
- (2) Function of Physical Movement
  - (a) Transportation and
  - (b) Storage
- (3) Function of changing the form of the product
  - (a) Standardization and grading and
  - (b) Packaging
- (4) Facilitating Functions
  - (a) Market financing

- (b) Risk bearing and
- (c) Market information

### 1. Function of Transfer of Ownership

Selling and buying are the two important functions involved in the transfer of ownership. Selling is the process of finding the buyers and convincing them to buy the product at a price that is satisfactory to both sellers and buyers. Buying includes identifying ones needs, finding the source of supply of the goods and procuring them at the right price.

a) *Selling*: Selling function consists of the following sub-functions:

1. *Product Planning and Development*: The needs of the consumers should be taken into consideration in selling. We identify that product which is required by the buyer and sell the same.
2. *Contractual Function*: It involves identifying the potential consumers for the product and initiating and maintaining contacts with them for selling the commodity.
3. *Demand Creation*: Once the potential consumers identified we introduce various sales techniques to stimulate them so that the desired sales target can be achieved.
4. *The Function of Negotiation*: Some important factors to be considered at the time of selling are quality and quantity of the commodity proposed to be transacted, time of transfer, particulars of packing, mode of payment, etc.. These should be well negotiated to avert any future conflicts between the buyers and the sellers.

b) *Buying*: Buying includes identifying ones needs, finding the source of supply of products and procuring them at the right price. Following are the sub-functions of buying.

1. *The Function of Planning the Purchases*: The buyers must plan their needs and undertake the purchases. Also the buyers should survey their own markets to identify the quality and quantity of the goods that are required.
2. *Contractual Function*: It is the identification of the sources of supply to confirm the suppliers of a commodity so that the flow of supplies can be made continuous to the market.
3. *The Function of Negotiation*: The terms and conditions of purchase along with the prices are negotiated with the sellers. Once the negotiations are completed, the goods are transferred to the buyers. The prevailing methods of buying and selling in the markets are as follows:

#### a) Sale Under Cover of a Cloth

Under this method of sale, the prices of the products are settled through a transaction, which is done under the cover of a cloth. The transaction under the cover is that a given price is fixed between the buyers and the commission agents of the sellers by pressing the fingers of each other, for which code symbols are arranged. These traders are well versed with these codes. This practice continues between the commission agents and the prospective buyers, till an acceptable price is settled. The highest bidder is privileged to buy the produce, whose bidding price is conveyed to the buyer by the commission agent. This method suffers from the severe drawback

that actual price offered by each buyer to the commission agent of the seller is not let known as this system does not provide any provision for such an open announcement. Sometimes the price that is finally settled may not be the highest one though theoretically it is claimed as the highest one. Although this method of sale is legally not permitted, still found in some markets.

### b) Sale Through Negotiations

This is a method, which facilitates direct contact between the buyers and sellers. The seller approaches the buyer with a sample of the produce proposed to be sold. The buyer quotes the price, if he is satisfied with the quality and if the seller accepts the price, the deal is completed. The seller gets advantage here, as he is in a direct contact with the buyer.

### c) Sales Based on Samples

In this method, commission agents approach the buyers with the sample of the lots proposed to be disposed. The commission agents go round the shops of the buyers and produce is offered to that buyer, who offered the highest price per unit of the produce.

### d) Morghum Method

A common method of sale found in villages when the farmers borrow funds from local moneylenders. The transactions are effected based on the oral agreement that is made between the buyers and sellers. In these transactions harvest price is the selling price. It is a common method of sale found in villages when the farmers borrow funds from the local moneylenders.

### e) Open Auction Sale

This is the method, which prevails in most of the regulated markets. The prospective buyers examine the lots of the produce kept for sale and offer their bids openly. Highest bidder has the right to take the possession of the commodity, provided the price offered is acceptable to the farmer (seller). The amount is settled immediately after the sale.

### f) Closed Tender System

This is, more or less, the same as that of the open auction system except that the bids are offered in the form of closed tenders. This method is followed in some regulated markets. The lots of produce that are kept for sale at display units are given lot numbers. The prospective buyers inspect the lots and offer their prices on a slip of paper and put in a sealed box kept for that purpose. When all the buyers complete their turn the slips deposited in the sealed box are taken out and arranged according to the lot number. Highest bidder has the right to take the possession of the produce in the lot. How well this type of sales is conducted depends upon the efficiency with which the officials of the markets conduct this method of sale.

c) *Demand Creation*: When commodities are basic requirements of the consuming section, the demand is automatically created. The need of demand creation arises for those products with which the consumers are not familiar and they are likely to consume by an act of persuasion highlighting the merits of the products through

personal approach of the salesmen, advertisement through various mass media like newspapers, posters, pamphlets, radio, television, etc. Besides sellers resort to sales promotion activities like distribution of free samples, price discounts, exhibitions, sales by installments, etc.

**d) Price Determination:** In the marketing system all the participants who help the movement of the products to the ultimate consumers should be rewarded. This is possible by pricing the products at various stages, as they move from the farmers to the consumers. At this stage, the concepts of price determination and price discovery need to be specified. Prices are determined by the aggregate forces of demand and supply in a market, while prices are discovered at each stage in the marketing channel i.e., market intermediaries discover the prices based on the availability of the commodities and the demand for the commodities from the buyers at each stage. The prices that are discovered facilitate to clear the supplies at each stage so that the distribution of the commodities flows smoothly among the persons who need them.

## 2. Function of Physical Movement

Transportation and storage facilitate the physical movement of products from the producer to the consumer.

**a) Transportation:** Transportation creates, place utility. The products rights from the farmer's fields to the ultimate consumers are moved through transportation. The spatial variations in agricultural production need the movement of the commodities from the places of surplus production to the places of deficit production. Besides, the output produced in an area cannot be consumed there only. It needs transportation. Transportation helps in development of markets, reduction in spatial price differences, provision of employment, etc. The common modes of transportation are bullock carts, tractors, trucks, rail, etc.

**b) Storage:** Seasonality of production is a specific characteristic of agricultural products. On the other hand, consumption of the products is regular and continuous. This unmatching situation requires the need of storing the commodities after harvest to make them available throughout the year. Storage is involved at various stages in the marketing. Producers, who can afford to sell the produce at a later date, store the produce. The middlemen in the process of buying and selling activity also store the produce to take advantage of the market situation. The consumers who can purchase the commodities in bulk particularly those of foodgrains, tamarind, etc., when the prices are on the lower side also go for storage. Though the commodities are stored to take the price advantages by all those concerned, storage is associated with risks as well. The sources of risks are moisture loss, loss caused by storage pests, rodents, etc. At times faulty storage too contributes to storage loss. In spite of all these losses, if the per unit price at the time of sale covers these risks, the concerned are not too unhappy about storing the farm commodities.

## 3. Function of Changing the Form of the Product

It facilitates making the products available to the consumers with various specifications in the usable form and also as per the choice of the consumers.

**a) Standardization and Grading:** Standardization precedes grading. The characteristics based on which the standards are determined are: freshness, ripeness, size, weight, colour, foreign material, moisture content, etc. Pyle has defined standardization as "the determination of the basic limits on grades or the establishment of model processes and

methods of producing, handling and selling goods and services." Grading means the sorting of produce into different lots having the same characteristics with respect to quality specifications. It is the process of dividing the lots of commodities with already set standards. Grading is of two types. Fixed grading/mandatory grading and permissive/variable grading. In fixed grading, the standards set out are fixed and it is mandatory for the individuals to follow the set standards if they are going to sell the graded commodities. The Agricultural Marketing Advisor, Government of India, fixes these standards for majority of the agricultural commodities. Fixed grading is a must for commodities which are exported. Permissive grading is subject to variations over time. Individual choice for grading is permitted under these methods. Grading of produce done by farmer is *Kutchra* or *crude* grading. Merchants also resort to grading and this grading is called *pucca* grading.

Any graded product fetches a better price to the farmer. Grading acts as an incentive to produce a better quality product. Hence there is no extra effort needed to ensure the quality of the product. Grading ensures a wide market for the product, as the quality of the product need not be tested in the distant markets. Consumers will be greatly benefited, as price paid is in commensurate with the quality of the product. Also, they have the choice of picking the goods from various alternative grades available in line with the prices fixed.

b) **Packaging:** To make the products move from farm gate to merchants and finally to different users, some kind of packaging is essential. Gunnies are the commonly used packing means for cereals, pulses, oilseeds, limes, vegetables like potato, lady-fingers, etc. Grapes and apples are packed in boxes, pots, etc., while we pack fish in baskets, oil and milk in sachets, tins, etc. It facilitates easy handling, reduces spoilage, ensures cleanliness, reduces marketing costs, prolongs storage life, etc.

4) **Facilitating Functions:** These include market financing, risk bearing and market information.

#### a) **Market Financing**

The need of financial assistance applies to both the farmers as well as traders. Farmers find it difficult to continue the farm business with their owned funds and they need a helping hand from external sources. Apart from production credit, farmers need market finance too before they dispose the produce at a favourable price. The traders who are found at various stages of marketing too find their owned funds short of requirement to purchase the stock and carry on other functions like packaging, processing, storage, etc. Distress sales are averted if adequate marketing finance is given to the farmers.

#### b) **Risk Bearing**

There is always a time lag between the harvesting and final consumption. Risk is imminent under such a situation and this is borne by the producers, traders and others involved in the marketing process. Following are the kinds of risks associated in the marketing process.

1. **Physical Risks:** Physical risk is caused during weighing, bagging, transportation, storage, etc. Physical risk consists of loss of quantity as well as loss of quality of the product

2. *Price Risk*: Because of the special characteristics of the agricultural products, price risk is a common phenomenon. Price fluctuates during the same day, from week to week, from month to month and from year to year. Price rise can help the farmer and trader and equally they are at loss, if the price falls.
3. *Institutional Risk*: Government policies like movement restrictions of foodgrains, imposition of levies, etc. bring losses to the marketers.

### Measures to Reduce Risks

1. *Improving Storage Structures*: Physical losses can be reduced by bringing suitable changes in storage structures at the farmers' level to prevent the possible losses. An example here is 'puri' which is a very common storage structure made with twisted paddy straw has been converted into 'cement based puri' for protecting the produce particularly from rodents.
2. *Insurance*: Insuring the produce against the risks, which the insurance companies cover is an important safety measure during the periods of quantity losses in storage. Insurance does not eliminate all risks, but the farmers' risk is transferred to the general population through insurance companies.
3. *Market Information*: Market information is broadly defined as communication or reception of knowledge or intelligence. It includes all the facts, estimates, opinions and other information which affect the marketing of goods and services (Tousley *et al.*, 1968)\*. This information is of great importance to the farmers, merchants and Government as well. Price information is very vital for farmers in their decision of timing the sales. Merchants require market information to carry on their routine transactions like buying, storing and selling. This information facilitates them in planning their strategies like quantities to be purchased, quantities to be sold immediately and quantities to be stored in the market, where they should plan their sales (local markets or distant markets), etc. Government too needs this information to keep an eye on the price trends and for market intervention, maintenance of buffer stock, etc.

Market information constitutes market news and market intelligence. Market news present information on prices of the commodities, market arrivals, stock, directions of outflows, etc. The availability of market information helps the farmers to plan their sales. Timely availability of this information is of utmost importance. Market intelligence is the historical record of market situation. It is a continuous study of market behaviour with reference to price trends, arrivals over time, stocks over time, outflows over time, etc. Based on the available information one can peep into the future to know the price trends, supply and demand situation, etc.

The sources from which one can get the market information are: news papers, Bulletin of Agricultural Prices (weekly), Agricultural Situation in India (monthly), Agricultural Prices in India (annual), etc., and the reports of the Bureau of Economics and Statistics, the Directorate of Marketing and Inspection (DMI), the Directorate of Economics and Statistics, regulated markets, etc.

\* Tousley R.D. and Others - Principles of marketing. MacMillan Publishing Company, New York, 1968

## DIRECTORATE OF MARKETING AND INSPECTION

Royal Commission on agriculture in 1928 identifying the need of efficient marketing system of agricultural commodities, recommended for the appointment of marketing experts in agricultural departments in all the major provinces, as no agency existed to look after this activity till then. Subsequently in 1931 accepting the realities of observation made by Royal Commission, the Central Banking Enquiry Committee made further recommendation of setting up a central agency, for coordinating the State activities in the field of agricultural marketing. Taking these recommendations into consideration, the Government of India had set up a central organization known as "the office of the Agricultural Marketing Adviser to the Government of India" in the year 1935. Later it came to be known as the Directorate of Marketing and Inspection (DMI). DMI is headed by the Agricultural Marketing Adviser to the Government of India. DMI maintains and controls 21 laboratories apart from Central AGMARK laboratory at Nagpur. It is also involved in activities like market research for development, training and extension.

### Functions of DMI

#### Promotion of Grading and Quality Control

This was recognized as the principal function of DMI ever since it came into existence, because it helps the farmers, traders and consumers in their transaction. More specifically this function can be explained as follows.



## Framing of Grade Specifications

Grading of agricultural commodities is voluntary for internal trade under the Agricultural Produce (Grading and Marking) Act, 1937. This grading is endorsed by 'AGMARK' standards. This standard is given to the commodities at the request of the sellers.

Agricultural Produce (Grading and Marking) Act, 1937 gave powers to the central Government to prescribe standards for agricultural and livestock products in the form of quality specifications, packing, sealing, *etc.* (AGMARK standards). A standards division is established in the Directorate to look after revising the existing standards and formulating standards for new commodities to be covered.

Grading for internal trade is voluntary and it is done at two levels *i.e.*, traders' level and at producers' level. Grading at traders' level, helps the consumers, to get quality commodities. At this level in internal trade, the commodities graded under 'AGMARK' are categorized into two groups called centralized commodities and decentralized commodities. In respect of centralized commodities, grading arrangements are made by the Directorate of Marketing and Inspection. DMI takes the function of quality testing in view of the requirement of elaborate testing arrangements. The commodities that are included are ghee, butter, vegetable oils, oilcakes, powdered spices, honey, *etc.* Regarding decentralized commodities, grading is done by the marketing departments of the respective State Governments, of course, under the overall supervision of the DMI. Grading of decentralized commodities is relatively simple. Examples are rice, wheat, atta, pulses, *etc.* Producer level grading to ensure the farmers to receive fair returns, was introduced through State marketing departments in 1963-64. Under this process, the produce ready for sale is subjected to simple quality tests. This quality test is supposed to help the farmer to get the price in commensurate with the quality of the produce.

For the commodities, which are exported, compulsory quality control was introduced in 1942. The commodities are to be graded in accordance with the specifications prescribed under the Agricultural Produce (Grading and Marking) Act, 1937. The Export (Quality control and Inspection) Act was enacted in 1963 and the Export Inspection Council was set up to enforce compulsory quality control on commodities meant for export. The DMI is at present acting as an export inspection agency on behalf of Export Inspection Council.

## AGMARK Laboratories

The central AGMARK laboratory is an apex institution situated at Nagpur. This apex institution along with a network of AGMARK laboratories functioning at Mumbai, Kolkata, Chennai, Cochin, Guntur, Mangalore, Bhopal, Patna, Bangalore, Bhubaneswar, *etc.*, provide technical guidance, necessary testing facilities, *etc.* The commodities that are graded under 'AGMARK' are ghee, vegetable oil, butter, spices, *etc.*

DMI also is enforcing the Meat Food Products Order, 1973 to exercise control over the production of meat products. This makes an obligation on the part of every businessman engaged in manufacturing or selling the packed meat products to obtain a license from the Agricultural Marketing Adviser to the Government of India. This order ensures hygienic standards prescribed under the order and at all stages of marketing through analysis of meat food by taking representative samples. Though the regulation of markets is a State subject, the DMI extends guidance and advice to all the State Governments in formulating market legislation and its enforcement.

The establishment of Market Planning and Design Centre (DMDC) in 1977 in the DMI with the assistance of the United Nations Development Programme (UNDP) and the Food and Agriculture Organization (FAO) was a major step to pay special care for marketing of fruits and vegetables which are highly perishable in nature. Though the assistance from UN ended, this activity is continuing under the activities of DMI. DMI conducts market research and market surveys to study the problems of marketing of agricultural commodities so as to suggest suitable measures to solve them.

## BUREAU OF INDIAN STANDARDS (BIS)

Quality represents as a specification or set of specifications which are supposed to be found for the commodities within the given limits. This quality indicator needs to be specified in the form of national standards for the use by the industry and also consuming section. The Bureau of Indian Standards is the new name given to the Indian standards Institution (ISI) from April, 1 1987. The BIS operates a voluntary certification scheme under the BIS Act, 1986. The main objective of this scheme is to guarantee quality standards for the manufactured goods as per the standards set. To fulfill this objective, the certification scheme provides service to the manufacturers and consumers in the form of evaluation of products and production controls, the determination of the conformity with the established standards ensuring the same to the consumers and also providing an assurance that the products having BIS certification mark must be the recognized standards. Though BIS certification scheme is voluntary in use, but the Government made the scheme as compulsory for the number of items concerned with health and safety of the consumers, through Essential Commodities Act, etc.

The product certification scheme is basically voluntary in nature and aims at providing quality, safety and dependability to the ultimate customer. Presence of the certification mark ISI known as standard mark on a product is an assurance of conformity to the specification. Conformity is ensured by regular surveillance of the licensee's performance by surprise inspections and testing of samples, drawn both from the factory and the market. The Act also provides for:

1. Authorizing the foreign manufactures to use the standard mark.
2. Bringing articles under compulsory certification for reasons of safety, health, environmental protection, energy conservation; and
3. Penalty for spurious marketing and misuse of mark.

Considering the long experience of BIS in certification, Underwriters Laboratories (UL) of USA, South African Bureau of Standards (SABS) and Canadian Standards Association (CSA) have authorized BIS to operate their certification schemes in India.

Quality control of agricultural commodities is the responsibility of the Directorate of Marketing and Inspection. The Directorate has prescribed grade standards for various agricultural products under the Agricultural Produce Grading and Marking Act, 1937. Agricultural commodities are graded under this Act on the basis of the specifications laid

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down under the grade standards. Graded products bear the AGMARK label, indicating the purity and quality of the product. Consumers are benefited when they buy graded products. The details of the mechanics of grade standards for agricultural products and the progress of grading in India have been discussed in Chapter 4.

#### Manufactured Products

Manufactured products are graded in accordance with the standards laid down by the Indian Standards Institution, now Bureau of Indian Standards and bear the ISI label. Manufacturers have to use proper ingredients in specified proportions and follow the technique of manufacture given in the standards laid down by the Indian Standards Institution. The ISI label is an indicator of the good quality of the product.

#### Indian Standards Institution (ISI)

Standardization on an organized basis started in India with the establishment of the Indian Standards Institution. The Institution, popularly known as the ISI; was set up in 1947 with the active support of the industrial, scientific and technical organizations in the country. The ISI frames standards in consultation with, and as a result of the co-operation of, the community – industrialists, scientists, administrators and the public. Standardization plays a vital role in the industrial development of a country. Apart from helping the commercial movement and industrial exchanges, standards conserve the production effort by reducing costs and making mass production possible. Thus, standards lead to the best utilization of the human and material resources of a country. The institution operates under an Act of Parliament (ISI Certification Marks Act), under which manufactured items are stamped with the ISI mark of certification. This mark acts as a third party guarantee to the purchaser that the goods bearing the ISI mark have been produced in accordance with the provisions of the relevant Indian standards.

The World Standards Day is celebrated annually on 14<sup>th</sup> October, for it was on this day in 1946 that the United Nations Co-ordinating Committees decided to set up the International Organization for Standardization. This international organization now has one lakh experts from 82 countries directly involved in its work, and help it to create more and better international standards.

The aims and objects of the ISI are:

- (i) Preparation of standards for products, commodities, materials and processes on national and international bases;
- (ii) Promotion of the general adoption of the standards prepared by it at national and international levels;

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- (iii) Certification of industrial products and assistance in the production of quality goods;
- (iv) Dissemination of information relating to standards and standardization;
- (v) Conduct of surveys and training programmes for assistance to Indian industries in organizing their in-plant standards activity;
- (vi) Collaboration with international organizations dealing with standardization for promotion of international trade;
- (vii) Imparting training in industrial standardization to scientists and technologists from abroad; and
- (viii) Performing a watching function in regard to the quality of Indian exports. The Export Inspection Council exempts certain products, such as light engineering products, diesel engines and power-driven pumps, from pre-shipment inspection if they carry the ISI mark.

The Indian Standards Institution functions through nine Divisional Councils, which are responsible for the work of standardization in their respective fields. These divisional councils are; agricultural and food products, chemical, civil engineering,

consumer products, electro-technical, mechanical engineering, structurals and metals, textiles and cargo movements, marine products and packaging.

ISI has set up about 2,000 technical committees, sub-committees and panels dealing with different subjects with a membership of more than 24,000 experts representing various interests such as manufacturers, purchasers, consumers, scientific, technical and research organizations and government departments. These experts work in an honorary capacity and evolve national standards by consensus. Each standard specification is finalized after an exhaustive process of testing in laboratories, discussion in the committees and circulation to hundreds of interested parties all over the country.

Formulation of standards through consensus of different interests concerned generally ensures their smooth implementation. In addition, Central and State Governments; local bodies and statutory organizations generally adopt standards in their purchases. Some State Governments decided to give preference to ISI certified products while some others have established standards cell for effective implementation of Indian Standards.

ISI also uses different media of public relations and publicity to spread the message of standardization. As a result, more than 90 per cent of Indian Standards have been adopted by various official and non-official organizations. Various promotional and

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instructional programmes are carried out. The promotional programmes include management conferences and group meetings. The instructional programmes comprise survey, training programmes and seminars.

For effective implementation of national standards and for bringing the advantages of standardization within the reach of the common consumer, the institution is operating a certification marks scheme under the ISI (Certification Marks) Act. This Act enables ISI to grant licences to manufactures to use the ISI mark on their products. Every licence includes a scheme of testing and inspection which the licensee is required to follow strictly. During the operation of the licence, ISI carries out regular and surprise inspections of the manufactures to make sure that the scheme of testing and inspection is being properly adhered to. Samples of certified products are drawn from the production line and from the open market and tested in independent laboratories. As a safeguard for the consumer the scheme provides for free replacement of ISI marked goods found to be of substandard quality.

The certification scheme was started in 1955-56. The licensee covers a range of 570 products including consumer products and industrial items such as biscuits, infant milk food, ink, cables, conductors, jute products, steel, paints, shoe polish, pressure cookers, aluminium utensils, coffee, electrical appliances, sports goods and water meters. In the rural sector, the ISI has formulated standards for grain storage structures, fertilizers, pesticides, seeds, farm machinery and implements, pumping sets, gobar gas plants and animal husbandry and dairy equipments. Some items in the market, however, do not conform to these standards because they are produced in the small and tiny sectors without any facility or funds for quality testing.

For adoption of national standards to regulate the quality of industrial manufactures, in-plant standardization is an important requirement. Since 1961, ISI has promoted the concept of in-plant standardization through conferences, symposia and training programmes.

The institution has established a central laboratory at New Delhi and regional laboratories in Mumbai, Kolkata and Chennai for conducting testing of products covered under the certification marks scheme. These laboratories also undertake investigational work covering food, chemical, electrical and mechanical items for the purpose of evaluation of standards. Laboratory personnel from government agencies and industries covering their products under the ISI certification marks scheme avail of the training facilities provided by the Institution in its laboratories.

Commission) for standardization. It is represented on important administrative bodies of these organizations.

The ISI also works in close collaboration with the similar organizations for standardization in other countries of the ECAFE (Economic Commission for Asia and Far East) Region with a view to promoting standardization activities. It actively participates in the work of the Asian Standards Advisory Committee (ASAC).

The ISI has benefited the consumers as well as the manufacturers. It promotes overall economy and brings about the best utilization of human and material resources by bringing the advantages – minimization of wastages, cutting down unnecessary varieties of products, increasing productivity and reducing costs. It protects the consumers through assured quality. It acts as a third party guarantee. The scheme brings to the consumers the benefits of lower price, better quality, more safety and repair services. To manufactures, it helps in adopting, the process of standardization. This reduces wastage, cost of material, cost of production and increases the chances of profits. It has introduced the metric system of weights and measures. The ISI took up the steel economy project involving a comprehensive standardization programme to give a fillip to the steel industry and introduce economies in the use of structural and special alloy steels. The project resulted in a saving of 24 per cent in the use of metal according to an evaluation by NCAER. Another notable achievement is the preparation of the National Building Code streamlining housing construction practices all over the country.

#### **Bureau of Indian Standards (BIS)**

The Indian standards Institution has been renamed as the Bureau of Indian Standards (BIS) with effect from April 1, 1987. Along with the change in its name, its status and scope of activities have also been enlarged. The Bureau of Indian Standards carry on all the functions of ISI as before with greater thrust to consumer protection, improving the level of quality of Indian products, harmonizing the standards formulation and the certification/inspection activities in the country by providing a larger network of testing and consultancy services.

The Bureau has been established by the Bureau of Indian Standards Act, 1986 and has become a statutory body. As such all the activities of the Bureau viz., standards formulation, product certification, quality assurance, consultancy services, quality

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assessment, testing and development of test methods have assumed statutory status. The ISI was a registered society and statutory powers were confined to it only in respect of the operation of the certification marks activity.

Over the past five decades, it has built up over 17,000 Indian Standards covering products in different sectors like food and agriculture, chemicals, civil, mechanical and electrical engineering, electronics, textiles and many other products. The standards are constantly reviewed and updated to keep pace with technological innovations and the new social needs. The production of small-scale items based on Indian standards provides competitive capability with large-scale sector.

The Bureau has also made special efforts in the sphere of rural development by formulating over 2,000 standards relevant to the rural sector in areas of agricultural inputs like fertilizers, pesticides, agricultural machinery and farm implements, pumping sets, gobar gas plants and also in the sphere of post-harvest technology. The BIS has also formulated three standards for water.

The Bureau is one of the largest certification agencies with over 11,000 licences in operation for a wide range of products. It has become an institution of quality assurance for the consumers.

Standards certification is mandatory for items of mass consumption particularly those affecting health and safety of the consumers. Provision of voluntary certification for items such as colour television, control switches, sodium vapour lamps, jute and canvas products, bus and truck tyres and greases also exists.

Some of the latest highlights of BIS activities are:

- (i) BIS has adopted IS/ISO 9000 series of standards. Now BIS quality certification is on the lines of international norms and is accredited by RVA Neitherlands.
- (ii) With growing concern for environmental friendly industrial activity, BIS has started ISO 14001 EMS Certification.
- (iii) BIS is also undertaking HACCP certification. HACCP Certification is a process control system designed to prevent microbial and other hazards in food production. It is based on Quality Management System and IS 15000 which is equivalent to CODEX ALI NORM 97/13A.
- (iv) BIS also works as central enquiry point for WTO.
- (v) BIS has so far formulated more than 17000 standards.
- (vi) BIS has also formulated three Indian standards for water.