

that they may take decisions about when to sell their product. Processors make use of market information to plan their purchases so that they may run their plant continuously and profitably.

c) **General Economy:** Market information is also beneficial for the economy as a whole. In a developed economy, there is need for a competitive market process for a commodity, which regulates the prices of the product. The competitive process contributes to the operational efficiency of the industry. However, a perfectly competitive system is difficult to obtain; but the availability of market information leads towards the competitive situation. The business of forward trading is based on the availability of market information.

d) **Government:** Market information is essential for the government in framing its agricultural policy relating to the regulation of markets, buffer stocking, import-export, and administered prices.

8. Financing

There is a long interval between the time of production and consumption. Between these two points, the ownership of commodities shifts many times, a fact which necessitates financial arrangements.

Middlemen need finance not only for the purchase of stocks, but for the performance of various marketing functions, such as processing, storage, packaging, transport and grading. The financing function of marketing involves the use of capital to meet the financial requirements of the agencies engaged in various marketing activities. No business is possible nowadays without the financial support of other agencies because the owned funds available with the producers and marketing middlemen (such as wholesalers, retailers and processors) are not sufficient. The financial requirements increase with the increase in the price of the produce and the cost of performing various marketing services. In the words of Pyle, *Money or credit is the lubricant that facilitates the marketing machine.*

The marketing finance required by the marketing middlemen is of two types:

- i. **Fixed capital** for land, buildings (shops and godowns), equipment and machinery (weighbridge, grading equipment, etc.), and
- ii. **Working capital** which is required to meet the marketing costs, purchase value, and salaries of the employees. The proportion of working capital is higher than that of fixed capital. It is also necessary to make arrangements for financing the farmers during the period between the production and sale of their produce. This is necessary to improve their holding capacity and to avoid the post-harvest sale of the produce when prices are low in the market.

Because of their acute financial needs, many farmers market their standing crops like fruits or borrow money in advance from local traders/commission agents against their crops, and bind themselves to sell the crop through the trader/commission agent. This checks their freedom to sell the produce in the open market.

To improve the financial position of the farmers and to strengthen their holding capacity, the following steps have been taken by the government:

- (i) Since July 1969, with the *nationalization*, commercial banks have started financing the agricultural sector in a big way and meeting the increasing needs of the farmers for production purposes.