Indian Economy · GS - II

What are the main bottlenecks in upstream and downstream processes of marketing of agricultural products in India?

EXAM YEAR	PAPER	SUBJECT
2022	GS - II	Indian Economy

MARKS	WORD LIMIT
15	~250 words

Answer Hint

Agricultural marketing includes activities from input supply and production to aggregation, storage, processing, transport and final sale. Upstream bottlenecks include fragmented holdings, weak extension services and inadequate aggregation; downstream constraints include storage gaps, intermediaries, price volatility and limited market access. Integrated value chains and transparent markets can improve farmers' returns.

Model Answer

Introduction

Efficient agricultural marketing enables farmers to convert production into remunerative income. However, structural and infrastructural constraints affect both upstream and downstream stages.

Upstream Bottlenecks

Small and fragmented landholdings limit economies of scale. Farmers often face inadequate access to quality seeds, credit, technology and market information. Weak farmer aggregation, insufficient grading facilities and limited processing capacity reduce bargaining power and product quality. Dependence on informal credit can also compel distress sales immediately after harvest.

Downstream Bottlenecks

Inadequate warehouses, cold chains and refrigerated transport cause post-harvest losses, particularly for perishables. Multiple intermediaries, non-transparent weighing and market charges reduce farmers' share of

consumer prices. Limited competition, volatile prices, weak export linkages and poor access to timely market information further constrain returns. Regulatory fragmentation and uneven implementation of market reforms can restrict interstate trade.

Measures Required

Farmer Producer Organisations and cooperatives can aggregate produce and strengthen bargaining power. Investment in storage, cold chains, rural roads, food processing and quality testing can reduce losses. Electronic National Agriculture Market (e-NAM), transparent auctions, warehouse-receipt financing and accessible price information can improve market efficiency. Contract farming, where fairly regulated, can provide assured markets. Diversification and direct links with retailers and processors can improve value realisation.

Conclusion

Agricultural marketing reform must connect production with efficient supply chains and competitive markets. Strong farmer institutions, modern infrastructure and transparent price discovery are essential for higher and more stable farm incomes.

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