Indian Economy · GS - III

What are the main constraints in transport and marketing of agricultural produce in India?

EXAM YEAR	PAPER	SUBJECT
2020	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

Inadequate rural roads; fragmented supply chains; storage and cold chains; post-harvest losses; market fragmentation; intermediaries; price information; regulated markets; logistics and reforms

Model Answer

Introduction

Efficient transportation and marketing enable farmers to obtain remunerative prices and reduce post-harvest losses. However, infrastructure deficiencies and fragmented market arrangements continue to constrain India's agricultural supply chains.

Major constraints

- **Poor rural connectivity:** Inadequate all-weather roads raise transportation costs and delay movement to markets.
- **Insufficient storage:** Limited scientific warehouses and cold-storage facilities lead to spoilage, particularly of perishables.
- **Fragmented supply chains:** Small and scattered farm holdings make aggregation, grading and bulk transportation difficult.
- **Intermediary dependence:** Farmers may have limited bargaining power when selling through multiple intermediaries.

- **Market access barriers:** Uneven market infrastructure and regulatory differences can restrict efficient interstate trade.
- **Information asymmetry:** Limited access to real-time prices, demand forecasts and quality standards weakens farmers' negotiating position.
- **Limited processing:** Inadequate local processing facilities reduce value addition and increase the risk of distress sales.
- **Finance constraints:** Farmers lacking affordable credit may sell immediately after harvest when prices are low.

Measures

Strengthen rural roads, warehouses, packhouses and refrigerated transport. Promote Farmer Producer Organisations (FPOs), digital market access, transparent price discovery, grading and standardisation, and accessible post-harvest finance.

Conclusion

Improving agricultural marketing requires an integrated supply-chain approach that connects farms to storage, processing and consumers. Better infrastructure and stronger farmer organisations can reduce losses and improve farm incomes.

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