Q3

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

UPSC Civil Services Mains 2020 · GS III · 10 marks · Indian Economy

Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Core demand of the question

- What are the main constraints in transport and marketing of agricultural produce in India?
- Keep the explanation within a 10-mark length

Revision summary

Village roads and a thin cold-chain waste perishable produce before it is sold.

Small loads and truck dependence keep agri freight costly.

APMC concentration, weak assaying, and poor price information squeeze the seller.

Distress harvest sales and thin warehouse-receipt credit force low prices.

MSP procurement is not a marketing system for most crops and States.

Introduction

Indian farms can grow a surplus and still lose it between the field and the plate. Transport is slow, broken, and costly. Marketing is layered, poorly informed, and often tied to a local mandi. Together they tax the farmer twice: a lower farm-gate price and higher wastage.

Body

Transport constraints

- **First-mile roads** from village to market remain seasonal in many blocks; **PMGSY** helped but last-mile trucks and carts still bruise perishables.
- **A thin** cold-chain**:** pack-houses, reefer trucks, and ripening chambers are scarce outside a few corridors, so horticulture and milk lose value in heat.
- **Rail and water** take a small share of agri-freight; dependence on diesel trucks raises cost and time. Dedicated freight capacity for food is still catching up.
- Fragmented loads from small holdings make full-truck economics hard without aggregation by **FPOs**, cooperatives, or a village collection centre.
- Check-posts may have fallen under GST, but **weighbridges, local cess habits, and poor warehousing at stations** still delay cargo.

Marketing constraints

- **APMC** mandis in many States still concentrate sale: limited buyers, commission agents, and weak price discovery for the small seller.

- **Information asymmetry:** MSP headlines do not equal a local buyer; **e-NAM** connectivity is uneven, and quality assaying is thin.
- **Standards, grading, and sorting** are weak, so the farmer cannot claim a premium and the processor cannot trust a lot.
- **Credit and distress sale** after harvest flood the mandi; warehouse-receipt finance (**WDRA**, e-NWR) has not become the default.
- Private trade, contract farming, and direct retail exist, but **legal uncertainty** and political risk around farm laws (the 2020 ordinances were already a live fight) deter long offtake contracts.
- Export and interstate movement hit **SPS barriers, logistics, and sudden stock limits**, which make marketing risky even when the crop is good.

Why it matters

- High **post-harvest loss** and a large **retail-farm gate wedge** are the same constraint seen from two ends.
- Public grain procurement works for wheat and paddy in a few States; it is not a national marketing system for oilseeds, pulses, or vegetables.

Flow diagram

Farm gate -> Roads cold-chain rail

Farm gate -> Mandi info grading

Roads cold-chain rail -> Loss and high cost

Mandi info grading -> Loss and high cost

FPO e-NAM WDRA -> Better price

Conclusion

Agri transport is constrained by roads, cold-chain, and unconsolidated loads. Agri marketing is constrained by mandi bottlenecks, poor grading, thin finance, and shaky contract certainty. Aggregation, cold logistics, and open, informed sale are the remedies, not only a higher MSP poster.

Facts & figures

PMGSY
Village-road programme that cut isolation but does not by itself create cold-chain or mandi competition.

e-NAM
Electronic national agriculture market on APMC platforms; limited by assaying, lot size, and State buy-in.

WDRA / e-NWR
Warehousing regulator and negotiable warehouse receipts meant to let farmers sell later, still under-used.

FPO

Farmer producer organisations for aggregation, the missing truck-load and bargaining unit.

Post-harvest loss

Official and NABARD-linked studies show large percentage losses in fruits, vegetables, and some cereals from farm to retail.