



## Mains Practice Question

**Q.** Analyze the intricacies associated with the transportation and marketing of agricultural products within the Indian context. (150 Words)

10 Jan, 2024 GS Paper 3 Economy

### Approach

- Write a brief introduction about complexities related to the transportation and marketing of agricultural products.
- Mention the need for an efficient transport system.
- Write a conclusion.

### Introduction

Despite ranking second in global agricultural production, India faces significant challenges in transporting and marketing its diverse produce. This is often riddled with inefficiencies, and leads to post-harvest losses of around 15%, impacting farmer incomes and consumer access.

### Body

#### Transportation Bottlenecks:

- **Poor infrastructure:** India has the second largest road network in the world at 63,72,613 km. Out of this, 70% of the roads are paved and 30% of the roads are unpaved.
- **Insufficient logistics:** The logistics sector suffers from a lack of coordination, standardization, innovation, and regulation. The logistics cost in India is estimated at 13-14% of GDP, which is much higher than the global average of 8-9%.
- **Limited storage facilities:** The storage capacity in India is inadequate and unevenly distributed, around 60% of India's cold storage capacity is concentrated in the states of West Bengal, Bihar, and Uttar Pradesh.
  - India has a cold storage capacity of 37-39 million tonnes, but only 60% of it is used.
- **Lack of Investment:** The Essential Commodities Act empowers the government to impose stock limits, price controls, and export bans on certain commodities, which discourages private investment and innovation in the storage and transportation sector.

#### Marketing Issues:

- **Market Fragmentation:** India has over 6,000 agricultural markets, with varying regulations and infrastructure. This complexity and lack of transparency make marketing costly and inefficient.
  - Moreover, the Agricultural Produce Market Committee (APMC) Act requires the farmers to sell their produce only at designated market yards.
- **Lack of market information:** Many farmers do not have access to reliable and timely information about the demand, supply, and prices of agricultural products in different markets.
  - According to a survey by the National Sample Survey Office, only 5.8% of the farmers in India used any source of market information in 2023.
- **Lack of standardization and quality control:** The agricultural products in India are not

standardized and graded according to their quality, quantity, and variety. This creates problems of heterogeneity, inconsistency, and adulteration in the market.

- According to a report by the **Food and Agriculture Organization**, India ranks **74th out of 113 countries** in the **Global Food Security Index**, which measures the availability, affordability, quality, and safety of food.

## Way Forward

- **Improving the infrastructure and logistics** facilities for agricultural produce and inputs, such as roads, railways, waterways, airports, storage, and cold.
- **Promoting the standardization and quality control** of agricultural products, such as by grading, labeling, certifying, and testing the products according to their quality, quantity, and variety.
- **Enhancing market integration** and competition via policy reforms, digital tech, and innovative models like alternate marketing channels, direct marketing, farmers' markets, contract farming, private markets, modern terminals, and e-trading.
- **Expand the reach of eNAM:** The eNAM platform should be made more accessible to all farmers, including those in remote areas. This could be done by setting up more kiosks and providing training on how to use the platform.

## Conclusion

To revitalize India's agriculture, and address transportation and marketing challenges through infrastructure development, technology adoption, farmer empowerment, and value addition, unlocking the sector's full potential for farmer prosperity and consumer access to quality produce.

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