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An Introspective on Indian Agricultural Marketing Reform in the 21st Century

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Agricultural marketing in India serves as the essential link connecting the agricultural production sector to the non-farm economy. Beyond the basic logistics of moving commodities from producers to consumers, an active marketing system is designed to drive several critical economic factors, including enhancing productivity, managing output, expanding market reach, and boosting overall farm revenue. These government-led reforms are focused on modernizing and liberalizing the sector to make it more efficient and profitable for farmers through decentralized trading, contract farming, and public-private partnerships. The primary objectives of these reforms are to improve farmer returns, increase market transparency, and enhance access to linkages that benefit both consumers and the broader national economy. However, the system still faces significant hurdles such as poor storage facilities, a lack of standardized grading, and exploitation by middlemen, which reforms aim to mitigate to boost national income through value addition. India has seen a significant shift in its agricultural output; in the early 1950s, only 30-35% of food grains were marketed, a figure that has risen to over 70% in recent years. However, the sector faces a persistent threat from post-harvest losses. It is estimated that 10-25% of perishables like milk and meat, and 30-40% of fruits and vegetables, are lost annually. These losses are valued at approximately ₹92,651 crores per year. Exports and imports are vital parameters for a country's growth, directly influencing its global economic standing. Indian agricultural exports reached a peak of US\$ 53.12 billion in FY23 before seeing a decline to approximately \$36.99 billion in FY25. Key export commodities include: 1) Marine product 2) basmati and non-basmati rice 3) spices 4) buffalo meat. Despite these trade successes, India faced a challenge in the Global Hunger Index 2023, ranking 111 out of 125 countries.

Evolution of Marketing Reforms

The transition toward a modernized, liberalized sector has been marked by several key legislative milestones

Year	Reform / Act	Key Impact
2003	Model APMC Act	Promoted private markets, direct sales, and contract farming.
2007	Warehousing Act	Established the WDRA to regulate warehouses and enable pledge financing.
2016	e-NAM Launch	Created a digital "One Nation, One Market" platform to integrate mandis nationwide.
2017	Model APLM Act	Focused on farmer empowerment and expanded trade to include livestock and fisheries.
2020	The Three Farm Laws	Aimed at barrier-free trade and reducing government control; later repealed in 2021.

Current Challenges

While reforms aim to increase market transparency and farmer returns, several hurdles remain:

- **Infrastructure Deficit:** A lack of adequate storage and cold chain facilities.
- **Implementation Gaps:** Resistance from vested interests and a general lack of awareness among farmers regarding new digital tools.
- **Access to Credit:** Limited financial support for small-scale producers

Need for Reform

Before the major shifts of 2020, the Indian agricultural landscape was dominated by state-regulated Agricultural Produce Market Committees (APMCs). While intended to ensure fair prices, this regime often resulted in:

- **Fragmented Markets:** Inefficiencies that limited market reach and lowered returns due to a heavy reliance on middlemen.
- **Limited Private Investment:** High entry barriers that discouraged private sector involvement in supply chains and infrastructure.
- **Post-Harvest Losses:** Significant threats to the economy, with losses in fruits and vegetables estimated between 30–40%.

The Path Forward

To achieve a truly unified national market, future efforts must prioritize **technology and digitalization**. Policy recommendations include strengthening **Farmer Producer Organizations (FPOs)**, utilizing data-driven decision-making, and focusing on value addition through agro-based industries.

By moving toward a market-led extension system and precision farming, India can continue to liberalize trade while ensuring the protection and empowerment of its farmers. Indian agricultural marketing centers on transitioning from a traditional regulated system to an outcome-based governance model that prioritizes farmer empowerment and market liberalization. Central to this transition is the continued expansion of the e-NAM platform to create a truly unified “One Nation, One Market,” which facilitates direct connections between farmers and buyers to ensure competitive and transparent pricing. To support this digital integration, there is a critical need for data-driven decision-making and the adoption of technology to improve market efficiency and transparency. Strengthening Farmer Producer Organizations (FPOs) remains a top priority to provide small-scale farmers with the collective bargaining power and infrastructure needed to access broader markets.

Furthermore, addressing the massive post-harvest losses, which currently range from 10–25% for animal products and up to 40% for fruits and vegetables requires urgent investment in modern storage and cold chain facilities. Future policies must bridge this infrastructure gap through Infrastructure Gap Analysis Committees (IGACs) and by attracting private investment into the supply chain through amendments to the Essential Commodities Act. By fostering a legal framework for contract farming and direct farmer-buyer linkages, the sector can eliminate unnecessary intermediaries; ensuring farmers receive a higher share of the final consumer price. Ultimately, shifting toward a market-led extension system and focusing on high-value exports will be essential to boosting farm revenue and improving India’s standing in the global agricultural economy.

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