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Digital Marketplaces vs Traditional Mandis: An Economic Comparison

Dr. Harkesh Balai¹ and *Vijay Singh²

¹Asst. Professor, Faculty of Agriculture, Jagannath University, Chaksu, Jaipur, India

²Student, B.Sc. (Hons.) Agriculture, Jagannath University, Chaksu, Jaipur, India

*Corresponding Author's email: vijaybud4300@gmail.com

This project examines the economic comparison between digital marketplaces and traditional mandis in agricultural marketing. Traditional mandis have been the main system for selling agricultural products for many years, but they often involve middlemen and limited market access. Digital marketplaces, on the other hand, use online platforms to connect farmers directly with buyers and provide transparent pricing and faster transactions. The project highlights the advantages, disadvantages, and economic impact of both systems on farmers and the agricultural economy. It also discusses government initiatives such as e-NAM that support digital agricultural marketing in India.

Keywords: Digital Marketplaces, Traditional Mandis, Agricultural Marketing, e-NAM, Farmers' Income, Price Transparency, Online Trading, Agricultural Economy, Market Access, and Middlemen.

Introduction

Agriculture is one of the most important sectors of the Indian economy. Farmers depend on markets to sell their crops and earn income. Traditionally, farmers sold their produce in local mandis where traders and commission agents purchased crops. With the growth of technology and internet services, digital marketplaces have emerged as a modern system of agricultural marketing. These platforms help farmers connect directly with buyers and receive better prices for their products. Both traditional mandis and digital marketplaces play an important role in agricultural trade, but they differ in efficiency, transparency, and market access.

Traditional Mandis

Traditional mandis are physical agricultural markets where farmers bring their crops to sell to traders and wholesalers. Prices are generally decided through bargaining or auction systems. Mandis are commonly used in rural and semi-urban areas and are managed by local market committees.

Features of Traditional Mandis

- Physical buying and selling process
- Presence of middlemen and commission agents
- Cash-based transactions
- Limited market access for farmers
- Personal interaction between buyers and sellers

Traditional mandis are helpful for farmers who do not have access to digital technology, but they often involve high transportation costs and lower price transparency.

Digital Marketplaces

Digital marketplaces are online platforms where agricultural products are bought and sold using internet-based systems. Farmers can use mobile phones or computers to connect directly with buyers from different regions.

Examples

- e-NAM (National Agriculture Market)
- AgriBazaar
- DeHaat

Features of Digital Marketplaces

- Online trading system
- Transparent pricing
- Digital payment methods
- Wider market access
- Reduced role of middlemen

Digital marketplaces help farmers compare prices in different markets and improve their earnings through better selling opportunities.

Advantages and Challenges

Advantages of Digital Marketplaces

- Better price transparency
- Faster payments
- Wider market reach
- Reduced dependency on middlemen

Challenges of Digital Marketplaces

- Lack of internet facilities in villages
- Low digital literacy among farmers
- Technical problems and cybersecurity risks

Advantages of Traditional Mandis

- Easy and familiar system for farmers
- Direct physical interaction
- Useful for local trade

Challenges of Traditional Mandis

- High commission charges
- Limited competition
- Delayed payments in some cases

Both systems have benefits and limitations, and farmers choose them according to their needs and resources.

Conclusion

Traditional mandis and digital marketplaces both play an important role in agricultural marketing. Traditional mandis provide accessibility and support for local farmers, while digital marketplaces offer transparency, better pricing, and wider market opportunities. A balanced combination of both systems can improve agricultural efficiency and strengthen the economic condition of farmers in India.