How do marketing channel choices affect the welfare of paddy growers in Punjab and Haryana

Vinita Kanwal[1,*], Bitan Mondal[2], Arti[2] and Jaspal Singh[3]

[1]Department of Economics and Sociology, Punjab Agricultural University, Ludhiana 141 004, India
[2]Department of Agricultural Economics, Institute of Agriculture, Visva Bharati University, Sriniketan 731 236, India
[3]NITI Aayog, New Delhi 110 001, India

The marketing channel choices of paddy growers and their subsequent effect on welfare (indicated by quantity, return and prices) are empirically estimated in the study, conducted in the states of Punjab and Haryana. Using data from the third Situation Assessment Survey, the study focuses on households engaged in paddy cultivation. Results reveal that the local market is still the most prominent marketing channel in rural Punjab and Haryana. Around 46% of produce is disposed of through it, and more than 50% of growers opt for the same. There are significant variations in awareness of the minimum support price and the price realized after selling paddy across different categories of land ownership. Government assistance is a major factor in shaping the marketing channel choices. The findings in the study indicate a strong link between marketing channel choices and the welfare of paddy growers. It provides valuable insights into the dynamics of agricultural marketing in India and underscores the need for tailored policy interventions to improve the welfare farmers.

Keywords: Agricultural marketing, farmer welfare, marketing channels, multinomial logit, paddy growers.

PADDY production

product or service available for consumption. Makhura noted that the marketing efforts of smallholder farmers are often hindered by challenges such as inadequate infrastructure, distance from markets, lack of personal transportation and insufficient market information[6]. Additionally, farmers often face exploitation due to limited bargaining power and dependency on credit-based relationships with buyers, leading them to accept lower prices for their produce[7]. Given these challenges, variations in crop prices received by farmers across different sales channels also impact the welfare effects of commercialization[8]. Therefore, examining how these marketing channels function and their effect on the economic outcomes of farmers is essential for developing effective strategies.

The involvement of farmers in market activities plays a pivotal role in both instigating and reflecting economic development. Market access is, therefore, a crucial factor for enhancing profitability, augmenting income and ultimately alleviating poverty. Thus, facilitating better market access can improve economic conditions for farmers[9,10].

Ameliorating access for small-scale farmers to markets is paramount to enhancing their overall well-being. In pursuit of enhancing market access to farmers, the govern-