MARKETING CONSTRAINTS AND CHALLENGES FACED BY SMALLHOLDER DAIRY FARMERS IN SELECTED DISTRICTS OF PUNJAB, INDIA: A DEEP STUDY

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ABSTRACT

This paper examines the **marketing constraints** and challenges faced by **smallholder dairy farmers** in five distinct districts of Punjab—**Ludhiana, Mansa, Amritsar, Patiala, and Fazilka**. Despite Punjab's high per-capita milk availability and strong dairy tradition, smallholders struggle with fragmented market channels, high dependency on intermediaries, price volatility, poor infrastructure, and limited access to organised marketing. These issues vary regionally due to district-specific economic environments, institutional support, and infrastructure availability. Drawing on empirical studies and existing literature, the research provides a comparative analysis of district-level constraints and highlights targeted recommendations for policy and intervention.

1. INTRODUCTION

Dairy production is a pillar of rural livelihoods in Punjab, where smallholder farmers constitute the majority of milk producers. While Punjab produces high milk volumes and enjoys one of the highest per-capita availabilities in India, **marketing inefficiencies** remain a persistent issue limiting profitability and sustainability for small producers. The presence of formal channels such as cooperatives and private processors coexists with traditional, informal market networks, resulting in varied outcomes for smallholder incomes.

Punjab's districts differ in agro-economic characteristics, proximity to urban centres, infrastructure, and institutional presence. These differences influence the nature and severity of the marketing constraints faced by dairy farmers. This paper focuses on five diverse districts: **Ludhiana, Mansa, Amritsar, Patiala, and Fazilka**, each representing distinct market and institutional environments.

2. LITERATURE REVIEW

2.1 Smallholder Access to Modern Marketing Chains

Research shows that although *modern milk marketing chains* (such as cooperatives and organised private processing) have expanded, **traditional supply chains remain dominant**—especially among smallholders. Kumar, Staal, and Singh (2011) found that traditional channels still hold a significant share in Punjab's milk market, even with the rise of formal marketing structures. The scalability and inclusiveness of modern chains depend

largely on collection and transport infrastructure, as well as incentive pricing for quality produce. (IDEAS/RePEc)

2.2 Marketing Channel Choice

Choice of marketing channel matters for price realisation and sustainability. Singhal et al. (2020) used choice modelling to examine milk marketing channel participation in Punjab and found that **social factors like caste and demographic variables influence access to organised channels**, with lower-caste and resource-poor households less able to participate in formal markets. (Indian Agricultural Research Journals)

Brar et al. (2018) identified key factors influencing marketing channel selection, finding that **distance to selling point, milch animal holdings, and price offered significantly affect farmers' likelihood to use organised markets**. Their results indicate an ongoing reliance on unorganised channels where formal options are less accessible. (Indian Agricultural Research Journals)

2.3 Marketing Efficiency and Price Spread

Marketing efficiency influences the share of final consumer price received by farmers. Brar et al. (2017) showed that organised channels (e.g., producer → cooperative → consumer) generally yield **higher producer prices and lower price spreads** compared to longer chains involving intermediaries, which dilute farmers' earnings. (Indian Agricultural Research Journals)

2.4 District-Level Case Studies: Constraints in Punjab

Kashish, Sekhon, and Dhawan's study in **Amritsar district** revealed that milk production and marketed surplus increase with farm size, but **constraints such as costly feed, lack of AI and veterinary facilities, and weak marketing structures** persist irrespective of farm size, indicating systemic issues rather than farm-specific problems. (Economic Affairs)

Another study by Napinder Kaur and Toor highlights the **determinants of milk marketing channel options** in Punjab, reinforcing that institutional support, infrastructure, and logistical factors shape marketing outcomes, and pointing to the need for improved collection and transport systems. (ARCC Journals)

3. Research Methodology

This research uses a **descriptive comparative approach** based on secondary sources, including peer-reviewed journal articles, government and agricultural university reports, and district livestock statistics. The study analyses marketing constraints across different dimensions: **marketing channel structure, price realization, infrastructure, institutional support, and bargaining power**, with attention to district-specific conditions.

4. DISTRICT PROFILES AND MARKETING CONTEXT

4.1 Ludhiana

Ludhiana is an industrial and peri-urban district with substantial urban demand for milk and dairy products. Despite proximity to markets and presence of processors, smallholders often struggle with **quality requirements and competition**, making consistent access to high-value organised channels challenging.

4.2 Mansa

A predominantly agrarian and semi-arid district, Mansa exhibits low penetration of formal milk collection centres. Dairy farmers here are heavily reliant on **informal channels and**

National Research Journal of Sales & Marketing Management
Volume No: 13, Issue No: 1, Year: 2026 (January-June)
PP: 65-69

ISSN: 2349-512X
Peer Reviewed & Refereed Journal (IF: 6.95)
Journal Website www.nrjsmm.in

local intermediaries, limiting their access to higher prices and stable marketing opportunities.

4.3 Amritsar

Amritsar's proximity to a major urban centre suggests strong demand, but **fragmented supply structures and weak connections to cooperatives** impede efficient market participation for small dairy producers. Informal networks prevail, often with little price transparency.

4.4 Patiala

Patiala benefits from relatively stronger cooperative structures and extension services compared to other districts. However, **small producers still face constraints in cooperative access**, and administrative procedures sometimes hinder swift engagement with formal marketing.

4.5 Fazilka

Fazilka is a border district with geographical and logistical challenges. Its dairy market is dominated by **informal channels** due to limited access to collection centres and poor transport infrastructure, resulting in low price realization for farmers.

5. ANALYSIS OF MARKETING CONSTRAINTS

5.1 Marketing Channel Structures

The dominance of informal channels remains a persistent feature across Punjab, though the degree varies by district. **Ludhiana and Patiala** show relatively higher participation in organised markets, whereas **Mansa, Amritsar, and Fazilka** rely heavily on local traders and unorganised networks.

In Punjab as a whole, traditional supply chains still dominate despite a growing presence of modern chains due to infrastructural and institutional limitations that restrict small farmers' entry into formal marketing. (IDEAS/RePEc)

5.2 Price Realization and Volatility

Price spread and realization differ across channels and districts. Organised channels generally yield better prices for farmers, but **access is uneven**. Farmers selling through intermediaries often secure lower net returns due to **multiple layers of transaction costs**.

Studies show that organised channels also tend to have **lower price spreads and higher efficiency**, benefiting producers who can access them. (Indian Agricultural Research Journals)

5.3 Infrastructure and Logistics

Cold storage, collection facilities, and transport networks shape marketing outcomes. Districts with limited infrastructure—**Mansa, Amritsar, and Fazilka**—witness higher levels of spoilage, informal selling pressures, and dependence on collections at suboptimal locations and timings.

Literature emphasises that the **scalability and inclusivity of modern marketing chains** depend critically on developing milk collection and transportation facilities. (IDEAS/RePEc)

5.4 Institutional Support and Extension Services

Institutional presence—especially cooperatives and extension support—can enhance farmers' bargaining power and access to superior marketing systems. Patiala and Ludhiana benefit

from stronger institutional networks compared to the other districts, but barriers such as **membership restrictions, administrative delays, and limited awareness** persist.

5.5 Bargaining Power and Market Information

Smallholders often lack access to real-time market information, limiting their bargaining capacity. Without transparent and timely price data, farmers are disadvantaged in negotiations with buyers and intermediaries.

The role of information systems and market intelligence is highlighted in literature as critical for inclusive market participation and better pricing outcomes. (IDEAS/RePEc)

6. COMPARATIVE INSIGHTS

Constraint Dimension	Ludhiana	Mansa	Amritsar	Patiala	Fazilka
Access to Organised Channels	Moderate	Low	Low	Moderate	Very Low
Dependence on Informal Trade	Medium	High	High	Medium	Very High
Infrastructure & Cold Chain	Medium	Poor	Poor	Medium	Poor
Institutional Presence	Moderate	Low	Low	High	Very Low
Price Realisation	Moderate	Low	Low	Moderate	Low

7. DISCUSSION

The evidence highlights that **marketing constraints are deeply spatially differentiated** in Punjab. While the state has substantial dairy production, the benefits are not uniformly captured by smallholders across districts. Areas closer to urban markets and organised infrastructure perform better in terms of price realization, whereas districts with weaker institutional linkages and physical infrastructure lag behind.

Empirical studies from Punjab reinforce that smallholder participation in organised channels remains limited by structural, logistical, and socio-economic factors (Singhal et al., 2020; Brar et al., 2018). (Indian Agricultural Research Journals)

8. POLICY IMPLICATIONS AND RECOMMENDATIONS

To address district-specific marketing challenges:

1. **Expand Rural Milk Collection Centres** – especially in Mansa, Amritsar, and Fazilka to reduce dependence on informal channels.

2. **Strengthen Cooperatives and Processing Linkages** – enhance cooperative reach and offer incentives for smallholders.

3. **Improve Logistics and Cold Chain** – invest in transport, chilling facilities, and aggregation infrastructure.

4. **Market Information Systems** – introduce mobile or ICT platforms for daily price and quality data at village level.

5. **Capacity Building** – training on quality standards, value addition, and cooperative membership benefits.

9. CONCLUSION

This study underscores that **marketing challenges for smallholder dairy farmers in Punjab are not homogeneous** but are shaped by district-level infrastructural, institutional, and market access conditions. While districts such as Ludhiana and Patiala exhibit relatively better marketing contexts, others—especially Mansa, Amritsar, and Fazilka—face entrenched constraints that diminish farmer incomes and sustainability. Targeted interventions that address physical infrastructure, cooperative outreach, and market information gaps are essential to create more inclusive and efficient dairy markets in Punjab.

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