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Barriers to the export of agricultural commodities from Kanpur district, Uttar Pradesh

¹Abhishek Singh, ²Rahul Kumar, ³Anushka Khare, ²Ram Charan, ⁴Swapnil Kumar Srivastav, ⁵Ashwani Kumar Singh and ⁶Anushi

¹Research Scholar, Department of Agricultural Economics, Chandra Shekhar Azad University of Agriculture & Technology, Kanpur, Uttar Pradesh, India

²Research Scholar, Department of Agricultural Extension, Chandra Shekhar Azad University of Agriculture & Technology, Kanpur, Uttar Pradesh, India

³Research Scholar, Faculty of Agriculture, MGCGVV Chitrakoot, Satna, Madhya Pradesh, India

⁴M.Sc. Agriculture Extension, Department of Agriculture Extension, CBGAGPG College, B.K.T., Lucknow, Uttar Pradesh, India

⁵Research Scholar, Department of Animal Husbandry and Dairying, College of Agriculture, Chandra Shekhar Azad University of Agriculture and Technology, Kanpur, Uttar Pradesh, India

⁶Research Scholar, Department of Fruit Science, Chandra Shekhar Azad University of Agriculture & Technology, Kanpur, Uttar Pradesh, India

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Corresponding Author: Anushi

Abstract

Agricultural exports play a crucial role in enhancing farm income, encouraging crop diversification, and boosting foreign exchange earnings. With globalization and WTO regulations intensifying the complexities of trade, Indian agricultural exporters face growing challenges related to quality standards, food safety, price volatility, and restrictive trade policies. This study investigates the constraints faced by agricultural exporters in the Kanpur Nagar district of Uttar Pradesh, focusing on key market hubs such as Chakarapur Mandi, Naubasta Galla Mandi, and Collectorganj Mandi. Primary data from 50 exporters were analyzed using Weighted Average and Garrett Ranking methods to identify and rank the most significant barriers to agricultural export performance. Findings indicate that logistical inefficiencies, high transportation costs, sanitary and phytosanitary (SPS) rejections, and limited policy support are among the primary impediments. These insights highlight the urgent need for systemic reforms in infrastructure, marketing mechanisms, and policy frameworks to enhance India's agricultural export competitiveness.

Keywords: Agricultural exports, WTO, export constraints, SPS measures, market infrastructure

Introduction

Agricultural Export performance has always attracted the attention of policy makers', as it is an important source of farm income improvement driver of crop diversification and foreign exchange earnings. A qualitative change in the deliberations on the topic has brought by World Trade Organisation (WTO). The domestic preparedness to deal with a globalised and interconnected world, with increased concern on intellectual properties, quality aspects and food safety and international movements of finances and services on the one hand, and domestic livelihood and food security concerns on the other hand, has generated substantial debate.

Agricultural products are the life line and vital source of survival for the human kind. Agricultural Products include wide range of products related to agriculture such as varieties of raw and finished goods under the classifications

of plants, animals and other life forms. Agriculture is best served by reliable high urban, and international, demand. Agricultural commodities produced have to go through a series of operations such as harvesting, threshing, winnowing, bagging, transportation, storage, processing and exchange before they reach the market, and as evident from several studies across the country. There are considerable losses in crop output at all these stages. This is best brought about by an efficient, high volume, transport and marketing system where the transporting and marketing unit costs are low. If the margin between what the exporter receives from the export of his produce and what the consumer pays for his produce is high then the effective demand transferred to the exporter will be correspondingly be reduced. Likewise, if internal transport costs in a country are considerably high then the scope for agricultural exports will also suffer as compared to other more efficient countries. So, there are lots

of problems that were faced by exporters during export of their produce.

A different set of problems, notably faster transmission of international price volatility to domestic markets, higher rates of rejection on account of sanitary and phyto-sanitary (SPS) measures, and restriction in providing subsidy supports have emerged. During the past two decades, the domestic agricultural sector has also witnessed several changes, including the composition of public and private investments in agricultural research with greater participation of private sector, emergence of new institutional innovations like contract farming and farmer producer companies, change in the composition of the demand for agricultural commodities in the domestic market, and diversification towards high value crops which has led to differential growth experience for different commodity groups. Accordingly, the focus of agricultural output is also undergoing a paradigm shift.

Research Methodology

Collection of Data

The collection of data is mainly primary.

Selection of district

The study was purposively under taken in Kanpur Nagar district of Uttar Pradesh. Kanpur is the big hub of merchandise trade through all over India.

Selection of mandis

Kanpur has three major mandis namely Chakarpur Mandi, Naubasta Galla Mandi, Collectorganj Mandi. These three mandis are selected to observe the constraints faced by exporters.

I personally visited all three mandis, and collected the facts and information from it. A total of 50 exporters were selected randomly, who exports within the country and also in international market.

Analytical Tools

1. Weighted Average:

Weighted average is an average in which each quantity to be averaged is assigned a weight. These weightings determine the relative importance of each quantity on average. Weightings are the equivalent of having that many like items with the same value involved in the average. For instance, let x be the observations and w be the weights of

the observations, the formula of the weighted average is given below.

$$X = \frac{\sum_{i=1}^x W_i X_i}{\sum_{i=1}^x W_i}$$

Or in simple terms, we can write the formula as below:

Weighted Average = Sum of Weighted Terms/ Number of Weighted Terms

To find the weighted term, multiply each term by its weighting factor, which is the number of times each term occurs.

2. Garrett Ranking Method

The study was carried out in Kanpur by choosing the major constraints associated with exporters. The exporters were taken as the respondents. The questionnaire method is used for data collection. The responses were converted to numerical scores using Garrett technique which is highly advantageous. The Garrett score is furnished in Table. The Garrett’s score conversion formula is

[1] Percent position = 100 (R_{ij} - 0.5)/N_{ij}

Where,

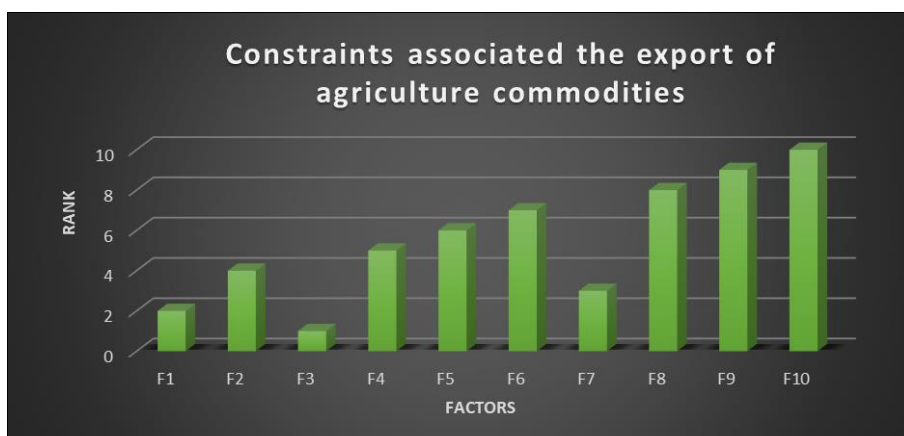
R_{ij} - Rank given for the ith variable by the jth respondents

N_{ij} - Number of variables ranked by jth respondents

Results and Discussion

This throws light upon some major constraints in export of agricultural commodities and their analysis with the help of weighted average and Garrett ranking method.

Factors	Percent position	Garrett value	Total score	Average score	Rank
F1	2.5	87	3489	69.78	2
F2	7.5	78	3448	68.96	4
F3	12.5	73	3610	72.20	1
F4	17.5	69	3403	68.06	5
F5	22.5	65	3336	66.72	6
F6	27.5	62	3088	61.76	7
F7	32.5	59	3458	69.16	3
F8	37.5	56	3063	61.26	8
F9	42.5	54	3003	60.06	9
F10	47.5	51	2802	56.04	10



Where,

- **F1** is Storage problem
- **F2** is Transportation Problem
- **F3** is Perishable nature of commodities
- **F4** is Procurement problem
- **F5** is Government policies intervention
- **F6** is Lack of technology
- **F7** is Middlemen
- **F8** is Insufficient knowledge of market and supply chain
- **F9** is Documentation procedure
- **F10** is Conflict between central and state government

The perusal of the Table reveals the constraints associated in the export of agricultural commodities. The Garrett's score of 72.20 (Rank I) the major constraint was problem of perishable nature of commodities. The results showed that 69.78 percent of the producers faced the problem of storage and this constraint was ranked II. It was also observed among the exporters that the middlemen were found and identified as the major constraints, and their Garrett's score was 69.16 with rank III. The transportation problem was ranked IV as the most impeding constraint, and their Garrett score is 68.96. The procurement problem was ranked V and score was 68.06, another important constraint faced by exporters. Government Policies Intervention was also the main constraints due to which exporters faces problem, with Garrett's score 66.72 and ranked VI. In the case of lack of technology constraint with Garrett's score 61.76 (Rank VII). With Garrett's score of 61.26 and rank as VIII constraint faced by exporters was insufficient knowledge of market and supply chain. Documentation procedure was found to be constraint by exporters having Garrett's score of 60.06 and rank was IX. Whereas, Garrett's score of 56.04 was the constraint of conflict between central and state government and rank was X.

Perishable nature of commodity

It was found that 10 out of 50 exporters reported that perishable nature of commodity is biggest challenge in export. With Garrett score of 72.2, people reporting constrain it stood at first position. The main reason of perishability is the short shelf life of fruits and vegetable. In cereals the main reason for perishability is the moisture and pest attack during storage.

Storage Problem

With the Garrett score of 69.78, people reporting constrain it stood at 2nd position. The biggest reason for the storage problem is itself lack of proper storage facility. The infrastructure is poorly made and lack latest technology and equipment. The storage facility at farm levels is poor and often leading to damage by pests and insects. The storage facilities are also not suitable for long time storage of grains and horticultural crop.

Problem of middlemen

Garrett score of 69.16 of exporters recorded the problem of middlemen. Without proper storage facilities to farmers, they are compelled to sell their produce to middlemen. Middlemen forms the cartel among themselves restricting

the direct interaction of exporters with farmers and then middlemen sell the produce to exporter at higher price, increasing the overall cost of product.

Transportation problem

With the Garrett score of 68.96, exporters reported the adversity of transportation and its supply chain. Lack of proper infrastructure of transportation develops loop hole in supply chain. Increasing cost of oil prices in international market also affect the overall cost of product. The traditional method of transportation such as trucks and trolleys which lack proper refrigerators and atmosphere control equipment result in decline of exports efficiency.

Procurement problem

With the Garrett score of 68.06, exporters recorded problem of procurement from farmers or middlemen. As stated earlier the middlemen poses problem to exporters by forming cartel plus government also restricts exporters procurement by announcing MSP (Minimum Support Price). MSP don't let exporters negotiate with farmers on quality of produce and quantity of products. Farmers prefer to sell to government FCI (Food Corporation of India) at MSP announced by union government as their there is no check on quality of produce. Also, exporters left with no option but to accept the conditions laid by government.

Government policies and interventions

As stated, earlier government policies of giving MSP hampers the exporters growth. With the Garrett score of 66.72, exporters reported the constrain and invariability due to restrictions on procurement. The exporters have to give charges to mandis (APMC) as they cannot directly procure from farmers. Also, farmers should sell only in mandis which leads to more cartelization of procurement.

Lack of technology

With the Garrett score of 61.76, exporters reported the problem. Lack of technologies such as electric weighing machines, conveyors belt, digital database, etc. create problem to exporters. Research and development in field of supply chain is not up to the mark. Better transportation methods are not adopted, which result in more of manual loading and unloading of the commodity. Manual loading and unloading result in more time of transportation and cost. The lack of refrigeration in transportation chain result in more perishability of horticultural crops.

Insufficient knowledge of market and supply chain

With the Garrett score of 61.26, exporters reported this constrain. Lack of knowledge to market and consumer demands result in set-back to exporters. The disruptive supply chain due to time constrains and pandemic also result in losses to exporters.

Documentation procedure

Having Garrett score of 60.06, people reported this constrain. The exporters have to go through the line of documents and verification to gets registration for mandi, which is leased out for 99 years. The lack of technology penetration also enhanced the time taken for document registration and verification.

Conflict between center and state government

About 56.04 Garrett score, people told that due to different rules of center and state government, the procurement, transportation and supply of product hampers. Inter-state procurement becomes difficult due to state government restriction on supply cap of commodity to facilitate in own local market. Agriculture being in state list of schedules “7”, still state faces some contradictory rules from central government.

Conclusion

Among the constraints studied from the exporters of the agricultural commodities in district Kanpur, the major problem was associated with the perishable nature of the commodities i.e., with Garrett rank one, followed by storage problem of the commodities and problem of middlemen in the study area was also prevailing majorly with rank second and third respectively.

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