



Marketing Problems Faced by Sugarcane Farmers in Erode District: A Comprehensive Study

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Abstract

Sugarcane cultivation holds substantial socio-economic significance in Erode district, Tamil Nadu, providing livelihood to a large segment of the agricultural community. Despite its importance and the region's optimal agro-climatic conditions, sugarcane farmers grapple with a multitude of marketing problems that severely impact their returns and sustainability. This research article delves into the core marketing challenges faced by these farmers, identifies underlying causes, and assesses the effectiveness of support mechanisms. Data for this empirical study were collected from primary and secondary sources, using a structured questionnaire and review of scholarly articles. The findings reveal that the most pressing constraints include lack of remunerative prices, delayed payments, dependency on intermediaries, transportation difficulties, inadequate storage and processing facilities, unpredictable government procurement policies, and insufficient access to timely market information. The study concludes with targeted recommendations aimed at policymakers, cooperatives, and stakeholders to establish a more equitable and efficient marketing system for sugarcane farmers in Erode district.

Keywords: Sugarcane, sustainability, payments, transportation, intermediaries, jaggery.

Introduction

Background

Agriculture continues to be the backbone of the Indian economy, employing over half of the country's population and contributing significantly to the Gross Domestic Product (GDP). Among the many crops cultivated across the country, sugarcane holds a strategic position, especially in the rural economy of southern states like Tamil Nadu. Known for its high biomass yield and long-standing industrial relevance, sugarcane not only provides raw material to sugar industries but also supports thousands of farmers, laborers, and transporters involved in its production and marketing.

Sugarcane (*Saccharum officinarum*) is an essential cash crop playing a pivotal role in the agricultural economy of Tamil Nadu, with Erode district representing a significant production cluster. Erode's fertile soils and irrigation from the Cauvery river have traditionally supported extensive sugarcane cultivation, with the district accounting for around 30,903 hectares and ranking prominently in state-level production and Gur (jaggery) output ^[1, 2, 3]. The crop provides not only direct income but also supports various ancillary industries and generates substantial employment.

Erode district, located in western Tamil Nadu, is one of the major agricultural belts in the state. The region's semi-arid climate, moderate rainfall, and fertile soils make it conducive for cultivating commercial crops such as sugarcane. Over the years, sugarcane cultivation in Erode has contributed to rural livelihoods and agro-industrial development, particularly in relation to sugar mills and jaggery production units. Despite its importance, the sustainability of sugarcane farming in Erode is increasingly under pressure due to several market-related challenges that impact the income and wellbeing of farmers.

The Indian sugar industry operates under a highly regulated environment. While price support policies such as the Fair and Remunerative Price (FRP) aim to secure a stable income for farmers, the real-time market dynamics are often unfavorable. Issues such as delayed payments by sugar mills, volatile market prices, lack of timely market information, poor transport infrastructure, and inefficient cooperative support systems frequently affect the efficiency and profitability of sugarcane marketing. These problems are compounded for small and marginal farmers, who often lack

bargaining power, access to formal credit, and post-harvest storage facilities.

In Erode district, sugarcane farmers face a unique set of challenges. Despite the presence of cooperative societies and sugar mills, many farmers still rely on middlemen for selling their produce, thereby receiving prices lower than the minimum support prices. Moreover, transportation and logistics problems further aggravate marketing difficulties. Due to the long distance to sugar mills and poor road infrastructure in certain areas, farmers incur significant post-harvest losses and cost overruns. Delayed payment cycles, sometimes extending beyond six months, discourage timely reinvestment in agricultural inputs, leading to a vicious cycle of debt and low productivity.

Another significant concern is the limited access to market intelligence and technology-driven interventions. Many farmers, particularly in remote areas, are unaware of prevailing market rates, buyer demand, or alternative value-added opportunities such as jaggery production or ethanol supply. This lack of awareness forces them to accept whatever price is offered at the local level, often far below the economic cost of cultivation. Additionally, lack of transparency in weighing and grading at procurement centers further demoralizes farmers and leads to a trust deficit between producers and buyers.

While cooperative societies were originally established to offer better price realization, storage, and input procurement facilities, many farmers express dissatisfaction with their performance. Reasons include bureaucratic delays, limited outreach, and inadequate infrastructure. Consequently, private moneylenders and informal agents continue to play a dominant role in financing and marketing—albeit at high cost and risk.

Given this context, there is an urgent need to understand the depth and dimensions of marketing problems faced by sugarcane farmers in Erode district. Addressing these issues is critical not only for enhancing farmer incomes but also for achieving broader goals such as rural economic resilience, sustainable agriculture, and inclusive supply chain development. This study seeks to fill that gap by conducting a comprehensive analysis of the marketing constraints, institutional bottlenecks, and possible policy interventions that could help mitigate the challenges.

The primary aim of this research is to identify and analyze the key marketing problems faced by sugarcane farmers in Erode district, with a focus on transportation issues, pricing mechanisms, payment delays, cooperative inefficiencies, and access to credit and market information. Using both quantitative and qualitative methods, the study attempts to provide actionable insights for stakeholders including policymakers, farmer organizations, and agri-business enterprises.

This study is both timely and necessary in the context of ongoing debates about agricultural reforms, minimum support price (MSP) guarantees, and digital agricultural marketing platforms like eNAM (Electronic National Agricultural Market). For farmers in Erode and similar regions, addressing marketing challenges can significantly improve their economic viability, reduce dependency on intermediaries, and enable them to engage more actively in modernized, technology-driven agricultural systems.

Importance of Study

Despite its prominence, the sugarcane sector in Erode district is beset by chronic marketing issues which, if unresolved,

threaten the sustainability of its rural economy. Addressing these problems is critical for ensuring fair farmer incomes, minimizing exploitation by middlemen, and enhancing the overall efficiency and resilience of the agricultural marketing system. This study aims to provide an in-depth analysis of these challenges and suggest actionable strategies for improvement.

Statement of the Problem

Sugarcane farming in Erode district, Tamil Nadu, is confronted by a multitude of marketing challenges that significantly affect the economic well-being of cultivators. Despite the crop's importance in the agrarian landscape and its role in supporting local sugar industries, farmers often struggle to secure fair returns for their produce. A central issue is the low and unpredictable price for sugarcane, which is often subject to delayed announcements by both government and private mills. This pricing uncertainty makes it difficult for farmers to plan their finances and investments effectively. Moreover, delayed payments and mounting arrears from sugar mills—particularly private ones—worsen the situation by reducing immediate liquidity and pushing farmers further into debt.

Another critical concern is the dominance of middlemen, who exploit farmers' limited bargaining power and lack of direct access to markets. This dependence on intermediaries often results in lower farm-gate prices. Infrastructural inadequacies, such as poor transport facilities, lack of storage units, and limited value-addition opportunities, further exacerbate farmers' vulnerabilities by leading to product wastage and compelling distress sales.

In addition, the absence of timely and accurate market information deprives farmers of the ability to make informed decisions regarding sales or crop planning. Government procurement support remains weak, and MSP implementation is often ineffective or delayed, providing little assurance to farmers. These compounded challenges have prompted many to diversify away from sugarcane cultivation, leading to increased rural distress and diminishing confidence in the viability of sugarcane farming as a sustainable livelihood. Addressing these problems is critical for ensuring farmer welfare and regional agricultural sustainability.

Review of Literature

Previous studies highlight that agricultural marketing in India, especially for commercial crops like sugarcane, is fraught with systemic inefficiencies and exploitation [7, 4]. Research focused on Erode and similar regions routinely cites issues such as price volatility, delayed payments, high transportation and input costs, limited access to credit, and dominance by intermediaries as persistent issues [1, 8, 2].

A key insight from the literature is that collective action through cooperatives and enhanced government intervention have achieved mixed outcomes; while some marketing societies have provided effective support, many farmers still bypass formal systems due to bureaucratic hurdles or limited reach [9, 1]. Studies specific to Tamil Nadu note that inconsistent government policies on procurement—such as whether to distribute sugarcane through ration shops during Pongal—create market uncertainty and distress [10], and that inadequate compensation for crop losses (e.g., from disease or wild boar attacks) pushes farmers further into debt [11].

Objectives of the Study

i). To identify key marketing challenges confronting

sugarcane farmers in Erode district.

- ii). To analyze the impact of these challenges on farmers' incomes and livelihoods.
- iii). To evaluate the effectiveness of current government and cooperative support systems.
- iv). To recommend strategies for strengthening the sugarcane marketing ecosystem in the region.

Hypothesis

H₀: There are no significant marketing problems faced by sugarcane farmers in Erode district.

H₁: Sugarcane farmers in Erode district face significant marketing challenges adversely affecting their income and sustainability.

Methodology

Research Design

A descriptive, empirical research design was used for this study. The combination of primary survey data collection and secondary literature review ensures comprehensive and validated results.

Data Collection

Primary Data: Collected via a structured questionnaire administered to 100 randomly selected sugarcane farmers across key blocks of Erode district (e.g., Bhavani, Gobichettipalayam, Modakurichi, Kavindapadi) ^[1, 8, 2].

- The questionnaire covered socio-economic status, extent of land holding, crop yield, marketing channels, prices received, payment timelines, use of cooperatives, and satisfaction with marketing facilities.

Secondary Data: Gathered from published journal articles, government reports, newspaper coverage, and official statistics from sources including Tamil Nadu Agricultural University, Department of Agricultural Marketing, and relevant literature on sugarcane economics ^[1, 3, 12, 9].

Sampling Method

Multi-stage random sampling was adopted to ensure representativeness across different farming communities and geographic clusters within the district. Both small and marginal farmers were included.

Data Analysis

Data were compiled and analyzed using basic statistical methods (percentages, averages, trend analysis) to identify predominant issues and their impacts. Qualitative responses were codified and analyzed for recurring themes.

Results and Discussion

Table 1: Landholding Size Distribution among Surveyed Farmers

Landholding Category	Number of Farmers	Percentage
Marginal (<1 ha)	35	35%
Small (1–2 ha)	40	40%
Medium (2–4 ha)	20	20%
Large (>4 ha)	5	5%

Large portions (75%) of surveyed farmers are either marginal or small holders, indicating fragmented land ownership. This limits economies of scale, weakens bargaining capacity, and constrains investment in storage, transport, and marketing infrastructure—factors that collectively aggravate their vulnerability in the sugarcane marketing ecosystem and lead

to low profitability.

Table 2: Marketing Channels Used by Farmers

Marketing Channel	Number of Farmers	Percentage
Direct to Sugar Mills	30	30%
Via Middlemen	50	50%
Through Cooperatives	10	10%
Retail (Jaggery/Local)	10	10%

Fifty percent of farmers sell through middlemen, reflecting their limited access to direct markets or cooperative systems. This dependence often results in reduced farmgate prices, minimal transparency, and exploitation. Only a small share benefit from retail or cooperative models, highlighting an urgent need to strengthen direct marketing linkages and awareness.

Table 3: Delayed Payments from Sugar Mills

Duration of Payment Delay	Number of Farmers Affected	Percentage
<1 month	10	10%
1–3 months	25	25%
3–6 months	30	30%
>6 months	35	35%

Over 65% of farmers reported payment delays exceeding three months, with 35% waiting more than six months. This delay severely affects cash flows, input procurement, and household expenses, increasing debt dependency. Timely payments are critical, and enforcement mechanisms should be enhanced to ensure compliance by private and public sugar mills.

Table 4: Pricing Satisfaction Levels

Satisfaction Level	Number of Farmers	Percentage
Highly Satisfied	2	2%
Satisfied	8	8%
Neutral	10	10%
Dissatisfied	40	40%
Highly Dissatisfied	40	40%

Eighty percent of farmers expressed dissatisfaction with the prices received for sugarcane, citing low profitability and misalignment with rising input costs. This indicates a strong need for price reforms, more transparent pricing systems, and active implementation of fair price mechanisms like MSP and direct procurement to ensure just compensation.

Table 5: Transportation and Logistics Problems

Issue	Percentage of Farmers Reporting
High Transport Cost	30%
Poor Road Infrastructure	25%
Lack of Vehicles	20%
Long Distance to Mills	25%

High transport costs (30%) and poor road infrastructure (25%) are major hurdles, especially for small farmers located far from mills. Limited vehicle access and long distances force reliance on costly third-party transporters. Improving rural

connectivity and introducing community-based transport solutions could significantly reduce post-harvest losses and distress sales.

Table 6: Availability of Market Information

Access to Market Info	Number of Farmers	Percentage
Always	5	5%
Sometimes	15	15%
Rarely	40	40%
Never	40	40%

A staggering 80% of farmers either rarely or never receive market updates. This lack of access hampers informed decision-making on pricing, timing, and buyer selection. Establishing real-time digital platforms, mobile advisories, and agri-information kiosks can bridge this knowledge gap and enhance farmers' negotiation power and marketing efficiency.

Table 7: Credit Sources Utilized

Credit Source	Percentage of Farmers
Cooperative Banks	25%
Commercial Banks	35%
Private Moneylenders	30%
Self-financed	10%

Only 60% of farmers access formal credit, while 30% still depend on private moneylenders. This reflects limited reach or procedural difficulties in institutional credit systems. High-interest informal loans trap farmers in cycles of debt. Strengthening cooperative banks and simplifying loan procedures will help reduce financial vulnerability and exploitation.

Table 8: Reasons for Crop Diversification

Reason	Percentage of Respondents
Low Price	30%
Delayed Payments	25%
High Input Costs	20%
Better Alternatives	25%

Table 11: Spearman Rank Correlation Matrix

Variables	Payment Delay	Price Satisfaction	Transport Problems	Market Info Access	Use of Cooperative	Credit Source
Payment Delay	1.00	-0.05	-0.06	-0.15	0.10	0.06
Price Satisfaction	-0.05	1.00	-0.21	0.09	0.02	-0.28
Transport Problems	-0.06	-0.21	1.00	-0.11	0.05	0.05
Market Info Access	-0.15	0.09	-0.11	1.00	0.11	-0.19
Use of Cooperative	0.10	0.02	0.05	0.11	1.00	-0.12
Credit Source	0.06	-0.28	0.05	-0.19	-0.12	1.00

The statistical analysis reveals a moderate negative correlation between credit source and price satisfaction ($r = -0.28$), indicating that farmers who rely on expensive or informal sources of credit, such as moneylenders, tend to experience lower levels of satisfaction with the prices they receive for their produce. Similarly, transport problems exhibit a negative correlation with price satisfaction ($r = -0.21$), suggesting that inadequate logistics and transportation

Farmers are increasingly shifting away from sugarcane due to low prices (30%) and delayed payments (25%). High input costs and better returns from alternative crops are also driving diversification. This trend indicates that without marketing reforms, sugarcane cultivation may decline further, threatening rural livelihoods and agro-industrial linkages in the region.

Table 9: Usage of Cooperative Services

Service	Used by (%)
Input Supply	40%
Procurement	20%
Storage	10%
Technical Support	15%

While 40% of farmers use cooperatives for inputs, less than 20% rely on them for procurement or storage. This low utilization signals weak institutional penetration and trust. Strengthening cooperative infrastructure and building farmer confidence through transparency, prompt payment, and better services can enhance their role in market stabilization.

Table 10: Perception of Government Support Policies

Perception	Percentage
Very Effective	5%
Somewhat Effective	10%
Neutral	20%
Ineffective	35%
Very Ineffective	30%

Sixty-five percent of farmers perceive government marketing policies as ineffective or very ineffective. This highlights gaps in policy awareness, delivery, and consistency. Better communication, timely interventions, price guarantees, and inclusive policy design—developed in consultation with farmers—are needed to restore faith in institutional support and ensure marketing security.

infrastructure hinder farmers from accessing better markets and securing favorable prices. Other variables, such as payment delays, market information access, and cooperative usage, show only weak correlations, highlighting the multifaceted and complex nature of factors influencing farmer satisfaction. These findings underscore the need for targeted interventions in logistics and credit systems to enhance farmers' overall market experience and income stability.

Table 12: OLS Regression Analysis

Variable	Coefficient	p-value	Significance
Intercept	4.86	0.000	Significant
Payment Delay	-0.02	0.829	Not Significant
Transport Problems	-0.19	0.042	Significant
Market Info Access	0.05	0.638	Not Significant
Use of Cooperative	0.02	0.908	Not Significant
Credit Source	-0.19	0.078	Marginal (significant at 10%)

Dependent Variable: Price Satisfaction

Independent Variables: Payment Delay, Transport Problems, Market Info Access, Use of Cooperative, Credit Source

Model Fit:

- **R² = 0.089:** The model explains 8.9% of the variation in price satisfaction.
- **F-statistic (p = 0.112):** Not statistically significant at 5% level, but suggests emerging patterns.

The regression analysis indicates that transport problems are statistically significant ($p = 0.042$), confirming that farmers who face greater logistical challenges tend to report significantly lower levels of price satisfaction. Additionally, the credit source variable is marginally significant ($p = 0.078$), suggesting that farmers who rely on costlier or informal credit options, such as private moneylenders, are more likely to be dissatisfied with the prices they receive. In contrast, payment delays and access to market information, while seemingly important, did not emerge as statistically significant in this model. This may be due to overlapping influences among variables or limited variation within the sample data. These results highlight the pressing need to address transportation inefficiencies and strengthen access to affordable credit in order to improve farmers' marketing outcomes and economic resilience.

Table 13: Chi-Square Goodness of Fit Test

Problem	O (Observed)	E (Expected = 50)	(O-E) ² /E
Low price realization	78	50	15.68
Delayed payments	84	50	23.04
Exploitation by middlemen	71	50	8.82
Poor transport/storage	67	50	5.78
Lack of market information	69	50	7.22
Weak MSP support	65	50	4.50
Total χ^2			65.04

Formula:

$$\chi^2 = \sum \frac{(O_i - E_i)^2}{E_i} = \sum \frac{(O_i - E_i)^2}{E_i}$$

Where:

- O_i = Observed frequency
- E_i = Expected frequency (here, 50)

Degrees of Freedom:

$$df = k - 1 = 6 - 1 = 5$$

Critical value at $\alpha = 0.05$:

From chi-square distribution table: $\chi^2_{0.05,5} = 11.07$

Since calculated $\chi^2 = 65.04 > 11.07$, we reject the null hypothesis.

There is statistically significant evidence to suggest that sugarcane farmers in Erode district face serious marketing challenges—such as low prices, payment delays, and poor infrastructure—that adversely impact their income and sustainability.

This supports H1, confirming the widespread presence of marketing constraints.

Conclusion

The study concludes that sugarcane farmers in Erode district face a range of severe and persistent marketing challenges that undermine their income and livelihood sustainability. Chief among these issues are low and unpredictable cane prices, often influenced by delayed pricing decisions from government and sugar mills. Chronic delays in payments and instances of non-payment by private mills aggravate financial insecurity. Farmers are also burdened by the dominance of middlemen who impose unfair terms, further eroding their earnings. Additionally, the lack of adequate transport, storage, and processing infrastructure forces distress sales and increases post-harvest losses. Farmers remain largely unaware of prevailing market rates and policy developments due to poor information dissemination. These findings underscore the urgent need for a comprehensive reform agenda that addresses pricing transparency, enforces payment timelines, strengthens infrastructure, and ensures access to real-time market data. Crucially, such reforms should be co-developed with farmer associations and supported by robust institutional and financial mechanisms.

Recommendations

- Establish Timely and Transparent Pricing:** The state government should set and announce minimum procurement prices ahead of the crop season, ensuring farmers have clarity before harvest.
- Strengthen Direct Procurement:** Expansion of government and cooperative procurement coverage can reduce dependence on intermediaries and guarantee timely payments.
- Develop Rural Infrastructure:** Upgrading rural roads, storage facilities, and local processing centers will cut costs and enable farmers to hold produce until prices are favorable.
- Establish Real-Time Market Information Systems:** Extension services should deliver up-to-date price and market demand information via SMS and digital platforms.
- Facilitate Institutional Credit and Input Support:** Accessible, timely, and affordable credit and input provision will empower farmers and reduce dependence on exploitative lenders.
- Ensure Policy Consistency and Compensation:** Transparent, predictable government procurement (e.g., for festivals like Pongal) and compensation for crop losses will improve income security.
- Promote Farmer Producer Organizations (FPOs):** FPOs can aggregate produce, negotiate better prices, manage logistics, and invest in value addition.

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