



**Original Article**

**A STUDY OF AGRICULTURAL MARKETING PRACTICES AND VALUE CHAIN DEVELOPMENT**

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**Abstract:**

*Agricultural marketing plays a crucial role in enhancing farm incomes, reducing post-harvest losses, and ensuring efficient movement of agricultural produce from farms to consumers. However, farmers in many developing economies continue to face challenges such as inadequate market access, price volatility, weak infrastructure, and limited participation in organized value chains. The objective of this study is to examine existing agricultural marketing practices and analyse the role of value chain development in improving market efficiency and farmer livelihoods. The study adopts a mixed-method research design, using both primary data collected through structured questionnaires and secondary data from published reports, journals, and government sources. Descriptive and inferential statistical tools were applied for data analysis. The findings reveal that traditional marketing channels dominate agricultural trade, resulting in higher transaction costs and lower farmer margins, while participation in well-developed value chains significantly enhances price realization, reduces intermediaries, and improves market transparency. The study concludes that strengthening value chain linkages, improving market infrastructure, and promoting farmer organizations are essential for sustainable agricultural marketing. Policy recommendations are provided to support inclusive value chain development and market-led agricultural growth.*

**Keywords:** *Agricultural marketing, Value chain development, Farmers' income, Market efficiency, Supply chain.*

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**Introduction:**

Agriculture is the major source of livelihood as the entire population is dependent upon agriculture directly or indirectly (Ali 2007). It is a source of income for the rural population (Tripathy and Kumari 2020). India has around 168

million hectares of arable land, out of which 60 million hectares are irrigated. The diversification in the production of crops in the country has made it one of the largest and second largest producers of jute, tea, milk, cereals, pulses, fruits and vegetables (Mittal 2007). With the rise in agriculture



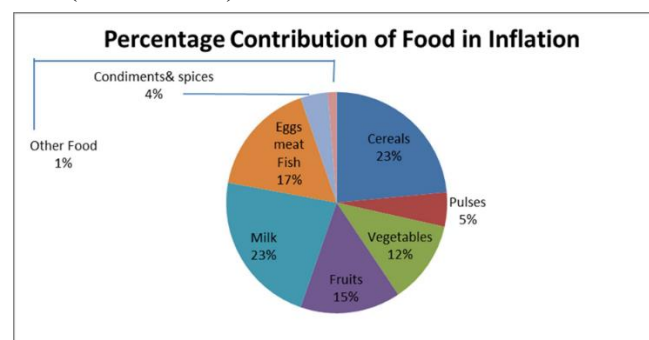
production, it has been studied that there is a lot of wastage of agriculture commodities, especially perishable products. As per an estimate, about 30%–40% of the agricultural produce is wasted due to improper market and value chain (FAO 2019). There is a need to process agricultural commodities and focus on the agriculture value chain.

Agriculture remains a primary source of livelihood for a significant portion of the global population, particularly in developing countries. Efficient agricultural marketing systems are essential for linking producers with consumers, stabilizing prices, reducing losses, and enhancing farm profitability. Agricultural marketing encompasses all activities involved in the movement of agricultural products from the farm to the final consumer, including harvesting, storage, transportation, processing, grading, and distribution. In recent years, the concept of value chain development has gained prominence as a strategy to improve agricultural marketing systems. A value chain approach focuses on strengthening linkages among various factors such as farmers, traders, processors, wholesalers, and retailers to create value at each stage of production and distribution. Despite increased agricultural production, many farmers receive low returns due to inefficient marketing practices, excessive intermediaries, lack of market information, and poor infrastructure. The absence of well-developed value chains further limits farmers' access to high-value markets and reduces their bargaining power.

### **Agricultural Marketing in India:**

According to National Commission on Agriculture, agricultural marketing is defined as a process which starts with a decision to produce a saleable farm commodity and it involves all aspects of market structure of system, both functional and institutional, based on technical and economic

considerations and includes pre- and post-harvest operations, assembling, grading, storage, transportation and distribution. Agricultural marketing in India over the last decades has witnessed a paradigm shift. India has slowly opened up its markets through economic liberalization. After more fundamental reforms since 1991 and their renewal in the 2000s, India has progressed towards a free market economy (Anon. 2014: Shruti Parashar and Stuti Haldar, 2012). India's growth reached 7.5% in the late 2000s, which will double the average income in a decade (The Policy Brief: Economic Survey of India, 2007). However, the challenge of the hour is the rice in inflation and price of food items which was a result of imbalance in the demand and supply rate of food, and on the other hand farmers are not getting a good price for their products which complicate the whole marketing process. The principal factors behind the higher levels of inflation in the recent period are constraints in production and distribution especially in high value items such as pulses, fruits and vegetables, milk and dairy products, egg, meat and fish (Anons 2013).



**Source: - Economic Survey of India, 2007**

### **Objectives:**

- 1) Analyse agricultural marketing practices
- 2) Assess the role of value chain development in improving market outcomes.
- 3) To examine existing agricultural marketing practices.



- 4) To analyse the structure of agricultural value chains
- 5) To assess the impact of value chain development on farmers’ income and market efficiency
- 6) To identify challenges and opportunities in agricultural value chain development

**Literature Review:**

Several studies have examined agricultural marketing and value chain development. Shepherd (2007) emphasized that inefficient marketing systems reduce farmers’ share in consumer prices. Porter (1985) introduced the value chain concept, highlighting the importance of coordinated activities to create competitive advantage.

Recent studies indicate that value chain integration improves price realization, reduces transaction costs, and enhances access to markets (FAO, 2015). Farmers participating in contract farming and organized value chains tend to earn higher incomes compared to those relying on traditional markets. However, gaps remain in understanding how smallholder farmers can effectively integrate into value chains due to constraints such as limited capital, lack of technical knowledge, and weak institutional support. This study contributes by providing an integrated analysis of marketing practices and value chain development in an agricultural context.

**Methodology:**

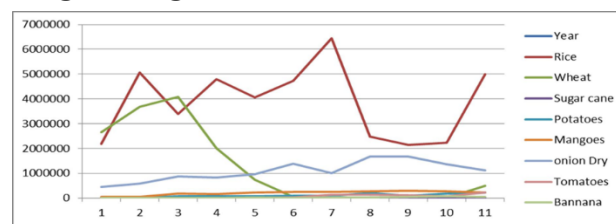
Descriptive and analytical research methods have been used to prepare this research paper. According to the set research objective, this research paper considers actual experience. This research paper has been prepared on the basis of secondary sources and some theses, research reports, government reports, books, newspapers, magazines, weeklies have been used as secondary sources. Also,

computer technology has been used for updated information.

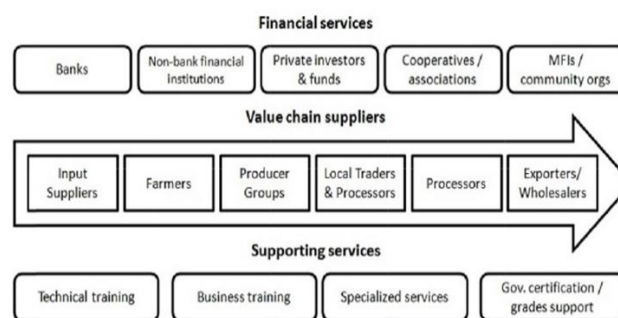
**Table 1: Sample Distribution**

Category	Number of Respondent
Farmers	120
Traders	20
Processors	10
<b>Total</b>	<b>150</b>

**Diagram: Agricultural Value Chain**



Farmers → Aggregators → Traders → Processors → Wholesalers → Retailers → Consumers



**Results:**

- 68% of farmers rely on traditional local markets for selling produce
- Only 32% participate in organized value chains
- Farmers in value chains received 20–30% higher prices
- Post-harvest losses were reduced by 15% through improved storage and logistics

**Table 2: Comparison of Marketing Channels**

Marketing Channel	Average Price (₹/kg)
Traditional Market	18
Value Chain Based	24

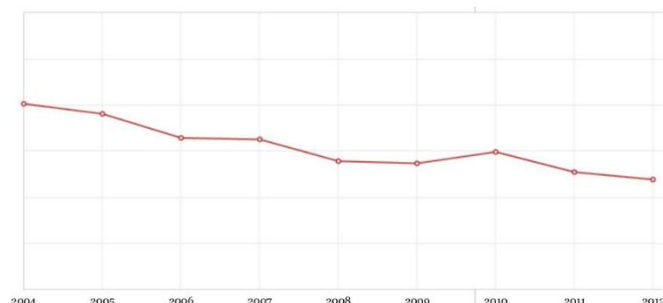


**Discussion: -**

The results indicate that traditional agricultural marketing practices limit farmer income due to inefficiencies and multiple intermediaries. In contrast, value chain development enhances coordination among actors and improves market access. These findings align with previous studies that highlight the benefits of integrated supply chains.

The study also reveals constraints such as inadequate infrastructure, lack of farmer awareness, and limited access to finance. The limited sample size and regional focus constitute the main limitations of the study. For instance, the collaborative effort of research and development institutions, farmers, government agencies and traders over the years have enable the country in emerging as a major producer of fruits and vegetable in the world. Ironically, improper post-harvest management of fruits and vegetables resulted in estimated losses of 35-40 per cent (Anons, 2007). The loss yearly was estimated at Rs 40,000 crores per year which is of a great concern and albeit the labour wastage, energy, time and input that was invested (Saswati Nayak and AK Mukhopadhyay, 2008).

**Fig: Agricultural Value Added in percentage of GDP (India)**



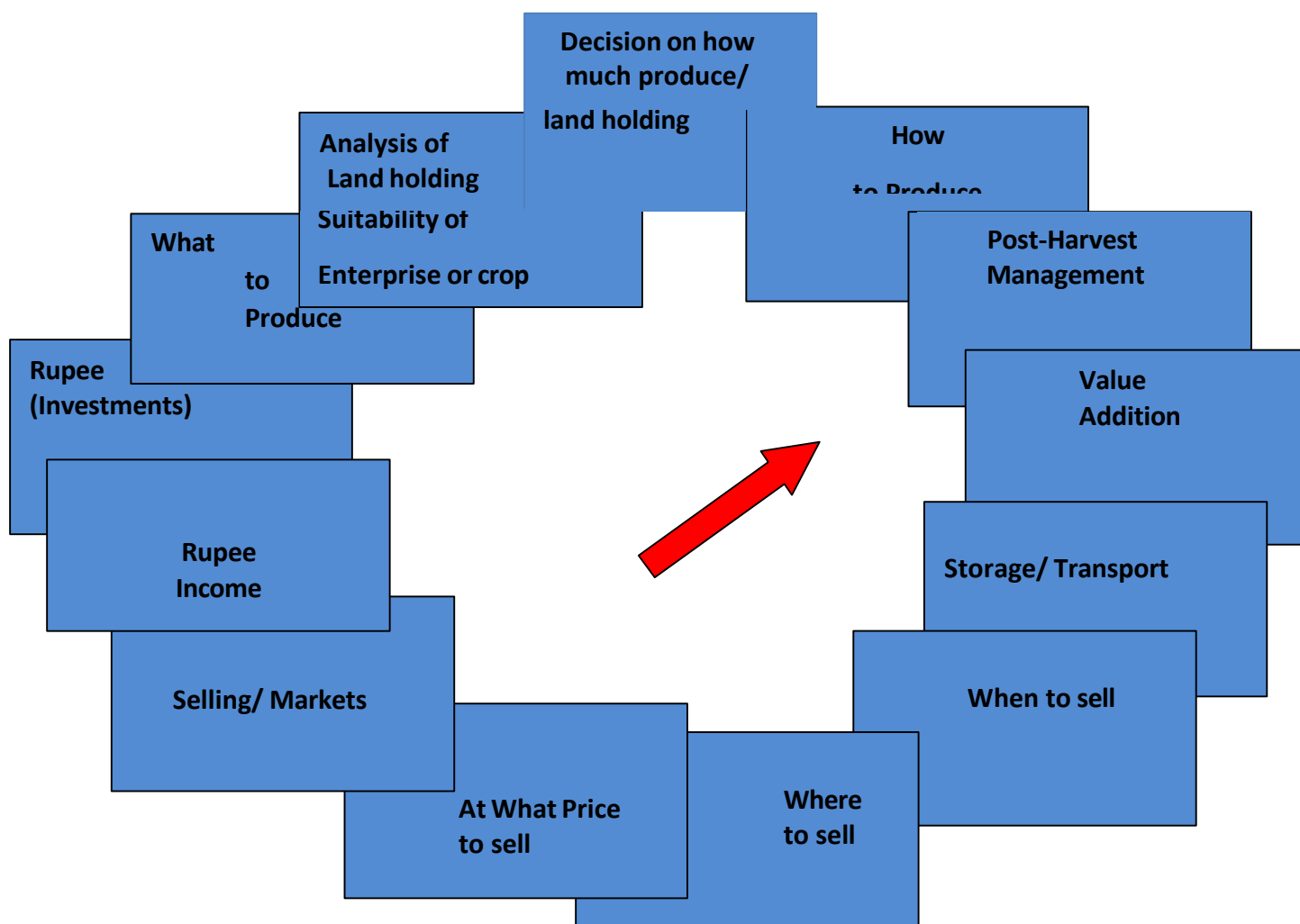
**World Bank national accounts data, and OECD**

**National Accounts data files 2013**

The paradigm shift of present Agriculture scenarios especially in India context as well as globally spurs for all hands to be on desk to transform Agriculture sector to into worthwhile and profit-oriented business through the intervention of Market Led Extension. Farmers which are the producer and the almost receiver of the shocking wave in the sector must be taking care of in terms of building their capacity to face the challenge of the hour. Indian Agriculture has been characterized with high input cost, lack of access to quality information especially information about markets, lack of labour as a result of rural urban migration, lack of infrastructure facility, large number of market functionaries, lack of grading and standardizing, good storage facilities, lack of market intelligence among others which resulted in high marketing cost and minimum share in consumer's rupee.

Adequate information is needed from the point of investment to the point of making returns. Extension agents as which are trained as agent of information should get involved in all stages of farmer's decision making to guide them in making right decision at the right time. Farmers need answers to questions like what to produce? When to produce? How much to produce When and where to sell? Where to sell? In what form to sell? What channels to sell his produce?

**Fig: The Flow chart of Market Led Extension**



**Recommendations:**

- Promote farmer producer organizations (FPOs)
- Invest in market infrastructure and logistics
- Encourage public–private partnerships
- Provide training on value chain participation

**Conclusion:**

Development of agriculture in India needs some critical management inputs particularly that of supply chain management -- collaboration among various stakeholders along with efficient vertical and horizontal integration. The horticulture sector in particular has to prioritize development of research in the issues of genetics, biotechnology, integrated

and sustainable production systems, post-harvest handling, storage, marketing and consumer education. Diversification offers an attractive option and a major source of pushing up growth of agricultural sector. The study concludes that agricultural marketing practices significantly influence farmer income and market efficiency. Value chain development offers a viable approach to improving agricultural marketing by strengthening linkages, reducing costs, and enhancing value addition. The study contributes to existing literature by demonstrating the economic benefits of value chain participation.



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