

RURAL AND AGRICULTURAL MARKETING



- **1 MODULE 1:**

Introduction to Rural Marketing: Definition and Scope of Rural Marketing, Components of Rural Markets, Classification of Rural Markets, Rural vs. Urban Markets.



- Population, Occupation Pattern, Income Generation, Location of Rural Population, Expenditure Pattern, Literacy Level, Land Distribution, Land Use Pattern, Irrigation, Rural Development Programs, Infrastructure Facilities, Rural Credit Institutions, Rural Retail Outlets.

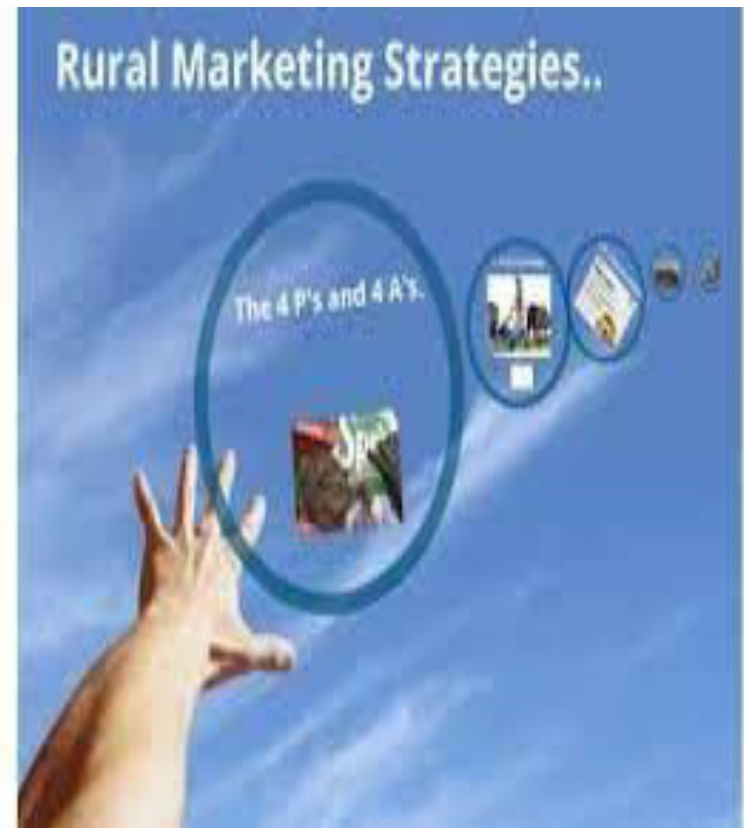


- **2 MODULE :**

- **Segmenting Rural Markets, Rural Marketing Mix Strategies: Positioning in rural markets, Rural Product Strategies and Brand Management – Rural Pricing Strategies – Rural Distribution Strategies – Innovative Distribution Channels like ITC E-choupal, Godrej Adhar, HUL Shakti, Mahindra Samriddhi sand Godrej Sakhi.**



- **Rural Promotional Strategies, Challenges in Rural Communication, Rural Media- Mass Media, Non- Conventional Media, Personalized Media, Rural Media Typology, Rural Media Innovation, Influence of Consumer Behavior on Communication. Cases on FMCG /Beverages /OTC marketing in rural markets.**



- **4 MODULE :**

Agricultural Marketing: Nature and Scope, Objectives of Agriculture Marketing, classification of agricultural products and markets, how agricultural marketing is different from rural marketing, Challenges in Agricultural Marketing, Channels of Distribution for agricultural products, Managing rural distribution networks.



- Government led incentives for agricultural marketing like Krishimarata Vahini, online trading in Karnataka, and Agmarknet, Impact of Rural Credit and Finance on Rural Consumerism – Scope and role of Banking and NBFCs in Rural markets.



- **5 MODULE :**

Export potential for farm products - Role of APEDA, Global GAP, and International Marketing and Export process -Supporting Services, Cooperative Marketing – Concept, History, Functions – Reasons for slow progress of cooperative sector and successful cases such as Amul.



India is performing well below its potential in exports of agri products.

- Supply Chain Management in Agricultural products including Post harvest processes and cold chains, commodity markets and futures, understanding the economics of fresh, chilled and frozen produce.



India is performing well below its potential in exports of agri products.

- **6 MODULE :**

The Future of Rural Marketing, concept and working of contract farming in India. Suggestions and group discussions from students on the future of Rural Marketing in India. Case studies of Safal, Gherkin exports, and Poultry farming may be useful.

The future of rural marketing



OVERVIEW OF RURAL MARKETS AND RURAL MARKETING

- ❖ Rural economy
- ❖ Size and nature Rural marketing
- ❖ Definition and scope
- ❖ Characteristics of Rural markets
- ❖ Taxonomy of Rural markets
- ❖ Changing patterns
- ❖ Attractiveness of Rural markets
- ❖ Problems and constraints in rural marketing



Indian Rural Economy

With more than 150 plus crore people living in rural areas, in some 6,38,000 villages, about two—third of its workforce was engaged in agriculture and allied activities with a contribution of 29 percent of India's Gross Domestic Product (GDP), India's economy is predominantly rural in character.



- [?]46% of the soft drinks sales happen in the rural areas.
- [?]Rural India accounts for 49% of motorcycle sales.
- [?]Rural India accounts for 59% of Cigarettes sales.
- [?]53% of FMCG sales happen at Rural India.

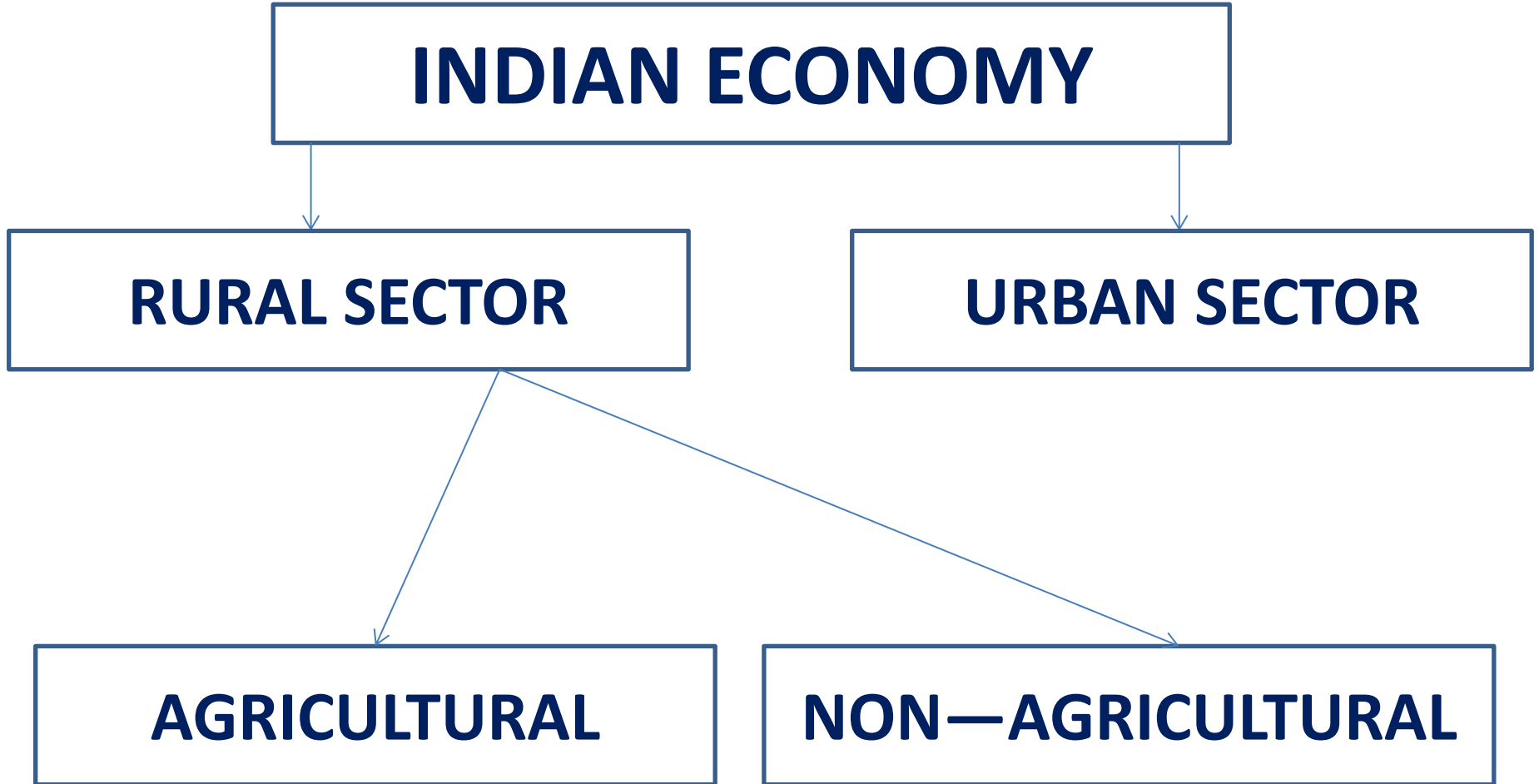
- ☐ Talcum powder is used by more than 25% of rural India.
- ☐ Lipsticks are used by more than 11% of the rural women and less than 22% of the urban women.
- ☐ Close to 10% of Maruti Suzuki's sales come from the rural market.
- Hero Honda, on its part, had 50% of its sales coming from rural market in FY'09.

- [?] Rural India has a large consuming class with 41% of India's middle-class and 58% of the total disposable income accounting for consumption.
- [?] By 2020 rural India will consume 60% of the goods produced in the country.
- [?] In 20 years, rural Indian Market will be larger than the total consumer markets in countries such as South Korea or Canada today, & almost 4 times the size of today's urban Indian market.

India's economy can be thought of as comprising of two main sectors, namely, the Rural Sector and the Urban Sector. The Rural sector is, in turn, composed of two main sub sectors i.e. the agricultural sub sector and the non— agricultural sub sector.



Classification of Indian Economy



❖ The agricultural sub sector comprises agricultural and allied economic activities such as Crop Cultivation, Animal Husbandry, Dairying, Fisheries, Poultry and Forestry (Floriculture) etc.



- The non—agricultural sub sector consists of economic activities relating to Industry, Business and Services. Industry refers to cottage and village industries, Khadi, handloom, handicraft, etc.



- Business refers to trading of general goods, small shops, petty traders etc., whereas services refers to Transportation, Communications, Banking, Postal, Education etc.



Indian Rural Marketing

Rural marketing involves the process of developing, pricing, promoting, distributing rural specific product and a service leading to exchange between rural and urban market which satisfies consumer demand and also achieves organizational objectives.



It is a two-way marketing process wherein the transactions can be:

1. **Urban to Rural:** It involves the selling of products and services by urban marketers in rural areas. These include: Pesticides, FMCG(Fast-Moving consumer goods) Products, Consumer durables, etc.



- **2. Rural to Urban:** Here, a rural producer (involved in agriculture) sells his produce in urban market. This may not be direct. There generally are middlemen, agencies, government co-operatives, etc who sell fruits, vegetables, grains, pulses and others.



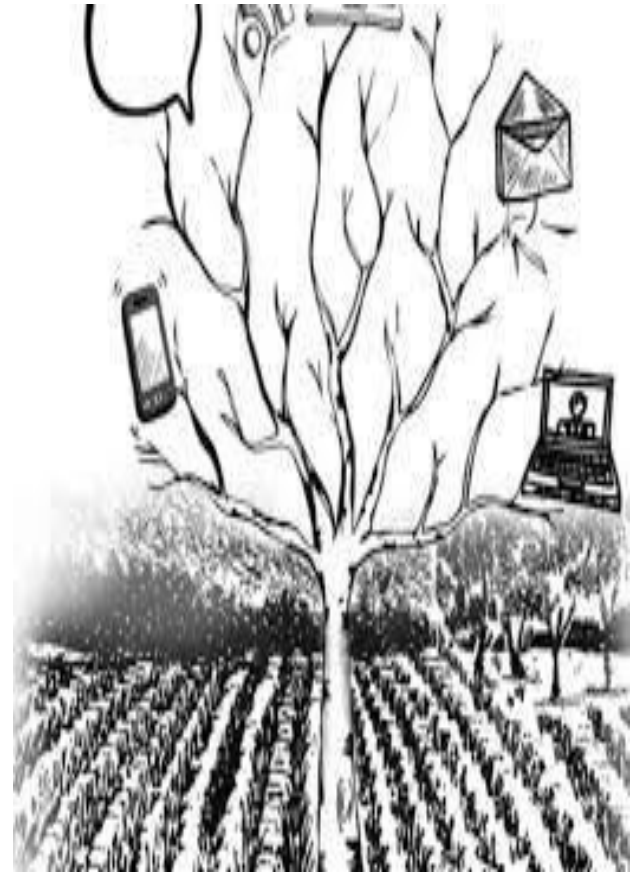
3. **Rural to rural:** These include selling of agricultural tools, cattle, carts and others to another village in its proximity.



Size and nature Rural marketing

Size of rural market

According to the census of India village with clear surveyed boundaries not having a municipality, corporation or board, with density of population not more than 400 Sq.km and with at least 75% of the male working population engaged in agriculture activities would qualify as rural.



According to this definition there are 6,38,000 villages in the country of these 0.5% has a population about 10,000 and 2% have population between 5,000 to 10,000 around 50% has a population less than 200.



Demographical details of Indian rural market

- About 285 millions live in urban India where as 742 millions reside in rural areas.
- The No. of middle income & high income households in rural India is expected to grow from 46 millions to 59 millions.
- Size of rural market is estimated to be 42 millions household and rural market has been going at 5 times the growth of the urban market.



- Government rural development programs.
- Increase in agricultural productivity leading to growth of rural disposable income.
- Lowering of difference between taste of urban and rural customers.



The Indian rural market with its vast size and demand offers great opportunity to marketers. Our national is classified in around 450 districts & approx. 6, 38,000 village which can be stored in different parameters such as literacy level, accessibility, income levels, distance from nearest town etc.



- The rural market accounts for half of the total market for TV sets, fans, pressure cooker's, bicycle's, washing soap, tea, salt & tooth powder, what is more the rural market for FMCG product is growing much faster than the urban market.



Definition and scope rural markets

Organisation	Definition	Limitations
NSSO (Census)	<ul style="list-style-type: none">● Population density < 400 / Sq Km● 75 percent of the male working population is engaged in agriculture● No Municipal corporation / board	<ul style="list-style-type: none">● rural not defined
Planning Commission	<ul style="list-style-type: none">● Towns upto 15,000 population are considered rural	Town characteristics not defined

--	--	--

LG Electronics	All places other than the 7 metros	Only clarifies what are the cities
NABARD	All locations with a population upto 10,000 considered "rural"	Village & town characteristics not defined
Sahara	Commercial establishments located in areas servicing less than 1000 population	Population characteristics unknown

Source: The Rural Marketing Book- Text & Practice, Kashyap. P and Raut. S (2007)

Defining Rural Marketing

National Commission on Agriculture	NGOs	Corporate Rural Marketing Definition
<p>Decisions to produce saleable farm commodities involving all the aspects of the market system or structure, both functional and institutional, based on technical & economic considerations and includes the pre & post harvest operations.</p>	<p>Marketing products produced in rural areas to urban areas</p> <p>Marketing products produced in rural areas in rural markets</p>	<p>Function that manages all activities involved in assessing, stimulating and converting the purchasing power of rural consumers into effective demand for specific products and services to create satisfaction & a better standard of living for achieving organisational goals.</p>

Phases in Rural Marketing

Sr. No	Time Frame	Key Events & Trends
1	Phase One(Pre 1960's)	<ul style="list-style-type: none">●Marketing rural products in rural and urban areas●Agricultural inputs in rural areas●"Agricultural marketing"●Farming methods were primitive and mechanization was low●Markets unorganized

2	Phase Two (1960s to 1990s)	<ul style="list-style-type: none">●Green Revolution●Companies like Mahindra and Mahindra, Sri Ram Fertilisers and IFFCO emerge●Rural products were also marketed through agencies like KVIC
3	Phase Three(1990s to Present)	<ul style="list-style-type: none">●Demand for consumables and durables rise●Companies find growth in urban markets stagnating or falling

Nature of Rural Marketing

- Large, diverse and scattered market
- Major income of rural consumers is from agriculture
- Traditional outlook
- Standard of living and rising disposable income of the rural customers
- Rising literary levels
- Diverse socio economic background
- Infrastructure facilities



Scope of Rural Marketing

- Large population
- Rising rural prosperity
- Growth in consumption
- Change in life style
- Market growth rate higher than urban
- Life cycle advantage
- Rural marketing is not expensive



Nature and Scope of Rural Marketing

Meaning of Rural marketing

Rural marketing is promotion of a company's products in the rural markets by using strategies which differ from that of urban market. The rural market more price sensitive but it has preference quantity.



India is performing well below its potential in exports of agri products.

Nature of Rural market

- 1. Large, diverse and scattered market:-** Rural marketing in India is large, and spread into a number of regions. There may be less number of shops available to market products.
- 2. Major income of rural consumers is from agriculture:-** Rural wealth is tied with agriculture wealth. In the event of crop failure, the incomes of masses is directly affected.



India is performing well below its potential in exports of agri products.

Traditional outlook:- Villages develop slowly and have a traditional outlook. Change is a continuous process but rural people accept change gradually. This is gradually changing due to literacy especially in the youth who have begun to change the outlook in the villages.



India is performing well below its potential in exports of agri products.

4. **Standard of living and rising disposable income of the rural customers:-** Majority of the rural population lives below poverty line and has low literacy rate, low savings etc. Today the rural customers spends money to get value and is aware of the happening around him.
5. **Rising literary levels:-** It is documented that approximately 45% of rural Indians are literate. Hence awareness has increase and the formats are well informed about the world around them. They are also educating themselves on the new technology for a better life style.

6.



Diverse socio economic background:- Due to differences in geographical areas and uneven land fertility, rural people have different socio economic background, which ultimately affects the rural markets.

7. **Infrastructure facilities:-** The infrastructure facilities like warehouses, communications systems and financial facilities (or) inadequate in rural areas physical distribution is a challenge to marketers who has found innovative ways to market their products.

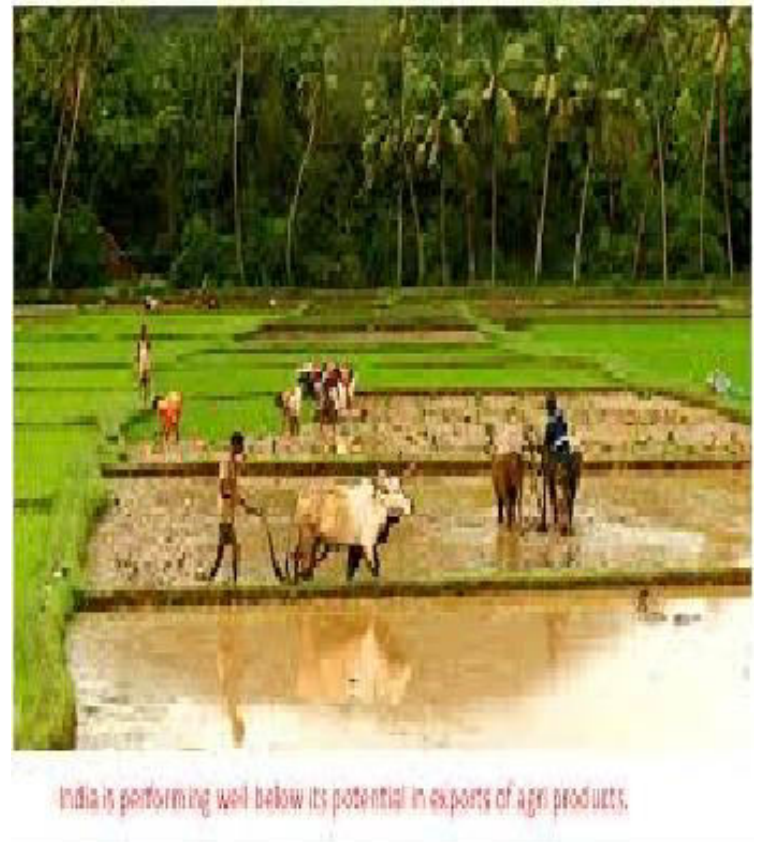


Scope of Rural Marketing

- 1. Large population:-**According to 2011 census, rural population is 72% of total population and it is scattered over a wide range of geographic area.
- 2. Rising rural prosperity:-** Average income level has improved due to modern farming practices, contract farming industrialisation, migration to urban areas etc.



3. **Growth in consumption:-** There is a growth in purchasing power of rural consumers. The average per capita house hold expenditure is 382 Rs
4. **Change in life style:-** Life style of rural consumer changed considerably.



5. **Market growth rate higher than urban:-**The growth rate of fast moving consumer goods [FMCG] market and durable market is high in rural areas. The rural market share is more than 50% for products like cooking oil, hair oil etc.
6. **Life cycle advantage:-** The products which have attained the maturity stage in urban market is still in growth stage in rural market.



- **7. Rural marketing is not expensive:-** To promote consumer durable inside a state costs 1 crore Rs while in urban areas it will costs in millions.



Characteristics of Rural markets

1. **Large, Diverse and Scattered Market:** Rural market in India is large, and scattered into a number of regions. There may be less number of shops available to market products.
2. **Major Income of Rural consumers is from Agriculture:** Rural Prosperity is tied with agriculture prosperity. In the event of a crop failure, the income of the rural masses is directly affected.

3. **Standard of Living and rising disposable income of the rural customers:** It is known that majority of the rural population lives below poverty line and has low literacy rate, low per capital income, societal backwardness, low savings, etc. But the new tax structure, good monsoon, government regulation on pricing has created disposable incomes. Today the rural customer spends money to get value and is aware of the happening around him.
4. **Traditional Outlook:** Villages develop slowly and have a traditional outlook. Change is a continuous process but most rural people accept change gradually. This is gradually changing due to literacy especially in the youth who have begun to change the outlook in the villages.

5. **Rising literacy levels:** It is documented that approximately 45% of rural Indians are literate. Hence awareness has increased and the farmers are well-informed about the world around them. They are also educating themselves on the new technology around them and aspiring for a better lifestyle.
6. **Diverse Socioeconomic background:** Due to dispersion of geographical areas and uneven land fertility, rural people have disparate socioeconomic backgrounds, which ultimately affects the rural market.
7. **Infrastructure Facilities:** The infrastructure facilities like cemented roads, warehouses, communication system, and financial facilities are inadequate in rural areas. Hence physical distribution is a challenge to marketers who have found innovative ways to market their products.

Taxonomy of Rural Markets

(Classification of Rural Markets)

	Constituents	Consumables	Durables	Services
Consumer Market	Individuals and households	Consumables: Foods products, Toiletries, Cosmetics, .	Watches, Bicycles, Radio, T.V., Kitchen appliances, Furniture, Sewing machines, Two Wheelers Textiles and Garments, Foot Wear etc	-----
Industrial Market	Agricultural and allied activities, Poultry farming, Fishing, Animal, Husbandry cottage industries, Health Centre, School, Cooperatives, Panchayat office etc.	Consumables: Seeds, Fertilizers, Pesticides, Animal feed, , Medicines, Petrol/Diesel etc.	Tillers, Tractors, Pump sets, Generators, Harvesters, Boats, Fishnets etc.	-----
Services Market	Individuals, House holds, Offices, and Production firms	-----	-----	Repairs, Transport, Banking, Credit, Insurance Health care, Education, Communication

Whether Rural Markets are Attractive?

- Large population
- Rising prosperity
- Growth in consumption
- Life-style changes
- Life-cycle advantages
- Market growth rates higher than Urban
- Rural marketing is not expensive
- Remoteness is no longer a problem.

Various Approaches to Rural market

1. Trickle down approach

- ✓ The rural households buy his wares from the nearby the “Feeder town” either on the special visit or when he is there on work.
- ✓ The urban culture approximate to the culture of the west at aspiration level. Similarly, the rural culture comes close to the urban one.
- ✓ The concept and tools of urban marketing can be extended to rural areas.
- ✓ There is no need for designing marketing programme to reach rural areas.

2. Undifferentiated Approach:- This approach assumes that an undifferentiated approach can be adopted in rural markets irrespective of the differences between urban and rural cultures, the same marketing strategy is used in both. Hence, the urban strategies with few modifications would be the sufficient to serve the needs of the rural market.

3. Differentiated Approach:- this approach state that there is a huge difference between the urban culture and the rural cultures and so it is important to create strategies as per the needs of the rural market in order to be successful.

Rural Marketing Strategies Launched by HLL & ITC

- 1. HLL (Hindusthan Latex Limited) Project Shakti** – HLL started with project Shakti during the late 2000 with an aim of building self help group and employing women to approach the rural households on a day to day basis and make sales of the products given to by HLL for which they craned a commission. The idea clicked very well in the markets and helped the poor women in raising their families by selling the product and also helped in educating the other rural people.
- 2. ITC e – choupal** – other innovator in the rural market was ITC that come up with its e-choupal model in 2000. ITC dealt in the exports of various agriculture products such as rice, wheat soya, etc and the required help from the formers and hence, its set up its Agri business divisions by installing computers in the kiosks that could be used by the formers to access the internet to know and fix the price for the sale of their outputs to the ITC e- Choupal Hub.

Problems of Rural Marketing

- Standard of living
- Low literacy levels
- Low per capita income
- Transportation and warehousing
- Lack of communication system
- Spurious brands
- Dispersed markets
- Under developed people
- Under developed market
- Improper communication facilities
- Many languages and diversity in culture
- Poor infrastructure facilities
- Seasonal demand
- Less distribution channel



Segmenting Rural Markets, Rural Marketing Mix Strategies

JAGADEESH BABU MK



- Segmenting Rural Markets, Rural Marketing Mix Strategies: Positioning in rural markets, Rural Product Strategies and Brand Management – Rural Pricing Strategies – Rural Distribution Strategies – Innovative Distribution Channels like ITC E-choupal, Godrej Adhar, HUL Shakti, Mahindra Samriddhi sand Godrej Sakhi. Rural Promotional Strategies, Challenges in Rural Communication, Rural Media- Mass Media, Non- Conventional Media, Personalized Media, Rural Media Typology, Rural Media Innovation, Influence of Consumer Behavior on Communication. Cases on FMCG /Beverages /OTC marketing in rural markets.



Concepts and process of Rural market Segmentation

Introduction

Companies are today developing different brands in different pack sizes and formulations to win over the consumers. Different people want different quantities and different mixes of benefits from the product they buy.





- Take **detergents for example**, HUL has Surf, Rin Shakti and Wheel powder to meet the needs of different income groups.
- **Palmolive has three varieties of toilet soaps** offering skin care benefits to three different types of skins of consumers.
- In reality they are dividing the markets into attractive segments to reach them efficiently, serve them effectively and achieve results economically.





CONCEPTS AND PROCESS

Selecting and attracting markets involves three key decisions, viz., segmenting, targeting and positioning

1. **Segmenting** is the process of dividing or categorizing market into different groups based on one or more variables.
2. **Targeting** is selecting the market segments, which can be served efficiently and profitability. It is, deciding on market coverage strategies.
3. **Positioning** is a market attraction strategy, which involves placing the brand in the minds of the customers in the target market.

The various steps involved in the market coverage and attraction process are:



Decision	Actions
Segmentation	<ol style="list-style-type: none">1. Identification of various bases for segmenting market2. Developing profiles of the market segments
Targeting	<ol style="list-style-type: none">3. Evaluating the market segments for their attractiveness4. Deciding the market coverage strategy
Positioning	<ol style="list-style-type: none">5. Communicating the chosen competitive advantage to the customers6. Identifying a set of possible competitive advantages of the brand7. Selecting the right competitive advantage



Segmentation

Segmentation is the process of dividing a heterogeneous market into homogeneous sub-units. The division is based on the premises that different people have different preferences. The following are the basic market preferences:

1. **Homogeneous preferences** where consumers have roughly the same preferences
2. **Diffused preferences** where consumers are scattered throughout the market by their preferences.
3. **Clustered preferences** where consumers are found in distinct preference groups.



Prerequisites for Effective Segmentation

1. Measurable
2. Accessible
3. Differentiable
4. Substantial :- Homogeneity & Largeness

Degrees Of Segmentation



If segmentation is considered as a process with two polar points from zero to complete, four distinct segmentation approaches are identifiable.

Degree of Segmentation	Zero			Complete
Type	Mass marketing	Segment marketing	Place marketing	Micro marketing
Approach	Considers all people as a bunch	Identifies people as different groups	Serves selectively one or very few groups of people	Focuses on individuals or very small groups



Guides to Effective Segmentation

Any process can be effective, if it has a sound philosophy and practical validity. Segmentation can be effective only if it satisfies the following requirements:

- (i) **Measurable:-** Segments are formed with the help of certain variables. These variables should be distinct, clear and measurable. Only then segments can be described in exact terms and differences understood. Companies, so far, are not able to reach rural markets due to lack of proper data. In the absence of information related to size, purchasing power and profiles of rural consumers, they considered them similar to urbanites.



(ii) Accessible :- Reach is important to serve the segments. Till recently, marketers preferred urban markets to rural ones because of the inaccessibility of the latter.

They were dependent on the mobile vans and nearby town distributors and retail outlets to reach rural consumers. Now, research has established that effective means of reaching rural folk is possible by participation in *haats or shandis* organized weekly. Also, there is considerable improvement in the infrastructure Making several villages accessible.



Bird's eye view of a 'haat',
weekly bazaar



(iii) Differentiable :- Segments merit consideration of marketers only when they have distinguishing features. Rural marketers are identified as a different segment, for their responses are different from the urban in case of some products and programmes. For instance, in case of buying wrist watches, rural consumers differ with urban. Rural buyers are more worried about the value for money and weigh the watch in hand to know how heavy it is. On the contrary, urban consumers prefer light ones with latest technology.



(iv) Substantial :- A segment is attractive only when it is profitable. A segment should as such possess the following characteristics:

- (a) **Homogeneous**—It should consist of people, who are similar in perceptions, learning, preferences, attitudes and action. As such, covering them will be easy.
- (b) **Large**—It should comprise of either large number of light users or small number of heavy users so that marketing becomes beneficial to the companies.



BASES OF SEGMENTATION

There is no one way of segmenting the market. A marketer may look for one or more variables viz.,

- ❖ Geographic
- ❖ Demographic
- ❖ Psychographic and
- ❖ Behavioural to distinguish and describe their market segments.



(1) Geographic Segmentation:-

Geographic segmentation is made based on variables like zones/regions, states, districts, cities/town/ villages by size, density, climate and culture.

(a) Zones: The country is divided into four zones.

- East : West Bengal, Assam
- West : Maharashtra, Punjab, Haryana
- North : Delhi, UP, Bihar. Himachal Pradesh
- South : Tamil Nadu, Andhra Pradesh, Kerala, Karnataka.

The number of villages with a population of less than 5000 people is: East : 1,61,982, West : 1,35,936, North : 2,00,106, South : 73,585



- (b) **States, Districts and Villages:** The country is divided into states on the basis of language. For the convenience of administration each state is divided into districts.
- (c) **Density:** The density of population per square kilometre in the rural areas is very low
- (d) **Climate:** The country is divided by climatic conditions as follows: • Tropical • Rainy • Cold
- (e) **Culture:** Media will be effective when its messages are fine-tuned to the culture of the people. As such, the political division is immaterial for the various media. Ogilvy-Rural has divided the country into 56 Socio-Cultural Regions.



(ii) Demographic Segmentation :- Markets are divided into segments based on variables such as age, lifecycle, gender, family size, income, occupation, education, religion and nationality.

- Age : Under 6, 6—12, 13—19, 20—40, 41—60, 60+.
- Life—cycle : Infants, children, teens, young adults, elders, seniors.
- Gender : Male—Female.
- Marital status : Married—Unmarried.
- Family size : 1—2, 3—4, 5+
- Income : Rs.25, 000 and below, Rs.25, 001-50,000, Rs.50,001-75,000, Rs. 75,001, Rs. 1 lakh, above Rs. 1 lakh.



- **Occupation** : Former, agricultural labourer, artisan, non agricultural, labourer, Business, Professional, employee, retired, student, unemployed.
- **Education:-** Illiterate, literate, elementary school, high School, college, university.
- **Religion:-** Hindu, Muslim, Christian and Others.

(iii) Psychographic Segmentation



While geographic and demographic segmentations provide a physical view of the markets, the true dynamics of purchase can be assessed and marketing offer can be designed only on the basis of psychographics of the people. An example, to prove this point:

Market is divided into different segments based on three variables viz.

- Social class
- Life style, and
- Personality

Behavioural segments.



Behaviour of consumers is a better guide to segment the markets. To understand the behaviours the following questions may be raised.

- When do people buy? Occasions
- Why do people buy? Benefits sought
- Do they buy? Once? More? User status
- How much do they buy? Usage rate
- Do they repeat the buy? Loyalty status
- Where do they buy? Place-retail outlet.
- What do they buy? Products possessed.



Multi-variable segmentation

Very rarely, marketers depend on a single variable for segmentation. Target market to be meaningful requires the use of several variables. One of the recent developments in multi-variable segmentation is geo-demographic segmentation.

(a) **Thompson Rural Market Index (TRMI)**: Hindustan Thompson Associates Ltd. developed TRMI as a guide to segment markets in the rural areas in 1972 and improved it in 1986. They compiled a data out of 335 districts, based on 26 variables. Further, they collected the value of agricultural output data for each district. It is considered to be the overall indicator of rural market potential as it has strong correlation with 10 selected agriculture-related variables viz.,



- Agricultural labourers
- Gross cropped area
- Gross irrigated area
- Area under non-food crops
- Pump sets
- Fertilizer consumptions
- Tractors
- Rural credit,
- Rural deposits and
- Villages electrified

Based on the index number, the districts have been classified as A, B, C, D and E class of markets as shown in table below.



Class of Markets	Index Range	No. of Districts	Percentage of Market
A	60.00-100.00	22	17.8
B	40.00-59.99	39	20.5
C	30.00-39.99	54	20.4
D	20.00-29.99	86	23.0
E	BELOW 20.00	154	18.3
	TOTAL	355	100



(b) Lin: Quest: Initiative Media developed Lin: Quest, a software package that provides marketers with data on rural India. The data can be sorted on five parameters:

- Demographic
- Agricultural
- Income
- Literacy
- Civic amenities

Depending on the product being launched, marketers will be interested in certain parameters such as literacy levels, male-female ratios, bank deposits, income levels, accessibility (via road, rail and water), dispensaries, schools, and distance from the nearest town.



The software allows marketers to assign a weighted average on each of these. The package then lists all the places that satisfy the marketer's criteria. **For the rural launch of a regional daily newspaper the parameters could be villages (population over 10,000), income (over Rs.2000) distance from the nearest town (not more than 45 km) and literacy levels.** Lin: Quest provides a list of districts and villages within the district.



Targeting :- Segmentation is the process of identifying and establishing alternative market segments. As a next step, targeting involves evaluating the various segments and selecting how many and which ones to target. The three aspects in targeting are **evaluation, selection and coverage**.

(i) **Evaluation of Segments** :- In evaluating market segments a company has to first identify the criteria for evaluation. The following criteria may be applied to determine the attractiveness of segments.



(a) **Profitability:** The Company has to collect information on aspects required to conduct cost benefit analysis and ascertain profitability of the segment. Relevant information includes:

- Sales volumes
- Distribution costs
- Promotion costs
- Sales revenues
- Profit margins



(b) **Attractiveness:** Marketers should know whether they should design effective programmes to attract and serve the market skills. Smaller companies or new companies may lack the skills, experience and resources needed to serve the larger segments. Some segments may be less attractive when there is already more competition.



- (c) **Growth rate:** A segment's attractiveness depends not only on its current profitability but also future prospects. The growth rate of the segment in terms of **growth in population, rise in purchasing power, and increase in preferences for the use of the products is to be considered.**
- (d) **Company objectives:** Company should evaluate the segment opportunity with reference to their short term and long term objectives. If a company's objective is to expand the sales, it has to go rural instead of pulling rural consumers to the nearby town.



- (e) **Limitations:** Finally, a company should examine whether the entry into the segment is acceptable to the society and government. If its entry provokes unnecessary criticisms, the company may have to struggle hard to explain its stand and safeguard its image.
- (ii) **Selection of Segments may be ranked based** on the scores obtained and be considered for selection. Those with high scores will be accepted and others will be kept aside for future consideration.



- (iii) **Coverage of Segments:-** Organization has three alternative coverage strategies to suit their segmentation approaches.
- (a) **Undifferentiated strategy:** Undifferentiated marketing strategy focuses on “What is common” among the consumers and tries to employ it in the design of its marketing offer. For instance, many soap users prefer medicinal value, cosmetic strength, economy and freshness feeling in soap. Medimix offers all these and claims that, it is a beauty care Ayurvedic family soap. This soap appeals to all types of consumers.



(b) **Differentiated strategy:** Differentiated marketing strategy investigates and identifies differences between segments and tries to match the market offer to the desires and expectations of each segment. The results of such exercise would be-Strong identification of the company in the product category. More costs but higher sales. Hence more profits and more loyal consumers. Are companies using differentiated strategy within rural areas? Obviously, there are products, which are exclusive to rural areas like **fertilizers, tractors, seeds, etc.**



(c) **Concentrated strategy:** Concentrated strategy directs all marketing effort towards one selected segment. It facilitates specialization in serving the segment and achieving higher level of consumer satisfaction, delight and loyalty. However, it is not without risks. In course of time, Preferences of consumers may change, and Large companies may become competitors seeing the success of this company.

Generally, large companies may prefer to offer specialized services as a part of their diversification move. O& M has set up “O& M Rural Communication Net Work” to implement rural communication packages and devise distribution strategies.



(iv) Choosing a Coverage Strategy

The following check list guides companies in making their coverage strategy choices, with reference to the state of the four variables for example, **company resources, product variability, product life-cycle stage and market variability**. For instance, undifferentiated strategy is to be chosen, when **company resources are moderate, product variability is less, and product is in the introduction stage in a market that has less variability**.



Identifying Positioning Differences

The marketing offer may be differentiated along the following lines:

- Product
- Services
- People, or image



(a) Product differentiation:

Products can be differentiated on attributes like shape, size, colour, quality, composition, and performance. Functional differentiations signify ease in process and benefits of use.

(b) **Services differentiation:** Services may be differentiated in respect of delivery, installation and maintenance. Long warranty periods, free service coupons, service at phone call distance, 24 hours service, emergency care, etc., are some examples.



(C) **People:** People, who come into contact with users, may quite often influence the decision of consumers. In this era of relationship marketing, differentiation by people is worth considering. Service organisations like hospitals, schools, banks, road transport and telecommunication, require people who serve with smile and are efficient. Service organisations mainly emphasise on the competencies of their people.



(d) **Image:** The image of a brand or company may win the consumer, even though the product is very much similar to a competitive one. Image is built by advertisements, symbols, signs, colours, logos, atmosphere of organisation, and social activities.



Selecting the Right Differences

When a company identifies several differences it can evaluate them with the help of the following criteria.

- Attractive — Does it provide value to the customer?
- Distinctive — Is it different from that of its competitors?
- Pre-emptive — Is it very difficult for competitors to copy it'?
- Affordable — Can buyers pay for it?
- Communicable — Can the difference be clearly expressed?
- Is it visible? Understandable?



Communicating

Once the company has chosen the differences, it has to choose an appropriate marketing strategy to communicate in the rural market.



STRATEGIES FOR INDIAN RURAL MARKETING



Strategies For Indian Rural Marketing

- ✓ Product Strategy — Scope and significance
- ✓ Product mix decisions
- ✓ Product personality
- ✓ Rural Branding, Product Life Cycle
- ✓ Rural Pricing — Pricing in Rural Markets, Objectives, policies and Strategies
- ✓ Rural Distribution, Type of Channels, Distribution Strategies
- ✓ Promotion, Role of Media in rural market
- ✓ Conventional Media, Rural communication mix
- ✓ Media and Creative Strategies,
- ✓ Personal selling Role and management of rural sales force



Product Strategy

Product is the most tangible and important single component of the marketing program. Without product, there is nothing to distribute promote and to price. Product is a vehicle by which a company provides consumer satisfaction. A product is a bundle of benefits assembled in an identifiable form. In simple terms, products are anything that satisfies human wants. **The product mix includes product quantity, features, benefits, design, style, colours, brand packaging, labelling, services and warranties.**



Products required in rural areas may be classified in different ways. In the process, let us whether there are any significant differences between urban and rural product classifications.

(i) Based on tangibility goods are classified into two groups:

- Tangible goods referred to as products
- Intangible goods referred to as services



(ii) Based on the purpose of use

Purpose	Type	User	Products
Consumption	Consumer	Households	Toiletries cosmetics, beverages, home appliances, etc.
Production	Industrial / Agricultural goods	Industries frame / poulties etc	Raw materials, components, agricultural inputs and machinery, animal feeds, etc.



(iii) Based on the functional life of the products

Type	Nature of use	Functional Life period	Example
Consumables	One time	Short	Food & beverages, soft drinks
Durables	Life time	Long	Furniture, computers, cars, cameras

(vi) Based on product development:

- Innovations
- Imitations (Me too, spell alike, look alike)



Innovations:

Innovation is the key for survival in a highly competitive environment. A company which innovates always has an edge over others.

1. Every organization will have to learn to innovate and this can now be organized in a systematic process.
2. Product mix of the companies is heavily skewed towards "me too" types of products and their success largely depends upon the company's expertise in developing and using marketing innovations thereby enabling them to get differential advantages for their "me too" products against those of their competitors.



3. Implementation of marketing innovations on a national scale involves a lot of risk and therefore it is desirable that the companies experiment these innovations in controlled areas and verify their results before they are finally adopted on a national scale.

Imitations:

Imitations may result in two types of goods depending upon the purpose commitment, and competence of imitator. A poor imitator will end up in producing misleading spurious, fake, copy cat products. He dupes the gullible customer by offering products having close similarities with the original. In quality, it is a poor cousin to the original. On the other hand, the competent imitator may even produce an improved version of the original product.

Concept And Significance Of Product Strategy



Concept

Product strategy refers to the long-range competitive plan involving decisions on products, product line and product mix to make proper utilisation of resources and achieve marketing goals.

Significance

An effective product strategy offers the following benefits.

(i) Achieves product—market fit: A well thought out product strategy will be able to offer products based on market needs. Thus, it achieves product market, fit and avoids the pitfalls of marketing myopia. Consequently, it provides insurance for survival.



- (ii) Encourages innovativeness:** The key of product strategy is innovation with a view to fine tune the market offer to the current and future needs of customers. Product strategy relies on creativity processes, methods and techniques. Innovation is an in-built feature of product strategy.
- (iii) Provides competitive edge:** In this competitive era, marketers need good intelligence on how to anticipate competitive moves and launch their new product. Companies will have to use product strategy to attack and to flank their competition, to defend their positions, and to wage guerrilla warfare.
- (iv) Makes better use of resources:** The product additions and deletions, based on rational appraisal of marketing and production strengths and weaknesses allow for better utilization of physical, financial and human resources. It thus helps achieve high productivity levels. Consequently, there will be no idle capacities and no demoralized work force.

SCOPE



Product strategy embraces decisions at three levels.

- i) Product mix
- ii) Product line, and
- iii) Product item

Various strategies adopted at these levels are given in Table



Table: Product Strategies—An Overview

Level	Strategy
Product Mix	Width extension – New Product lines
	Length extension – New product items
	Depth extension – new product variants
Product Line	Stretching – Upward, downward, both ways line pruning – line modernization
Product item	<ul style="list-style-type: none">• Quality, Features, Design, Brand and Package• Augmentation

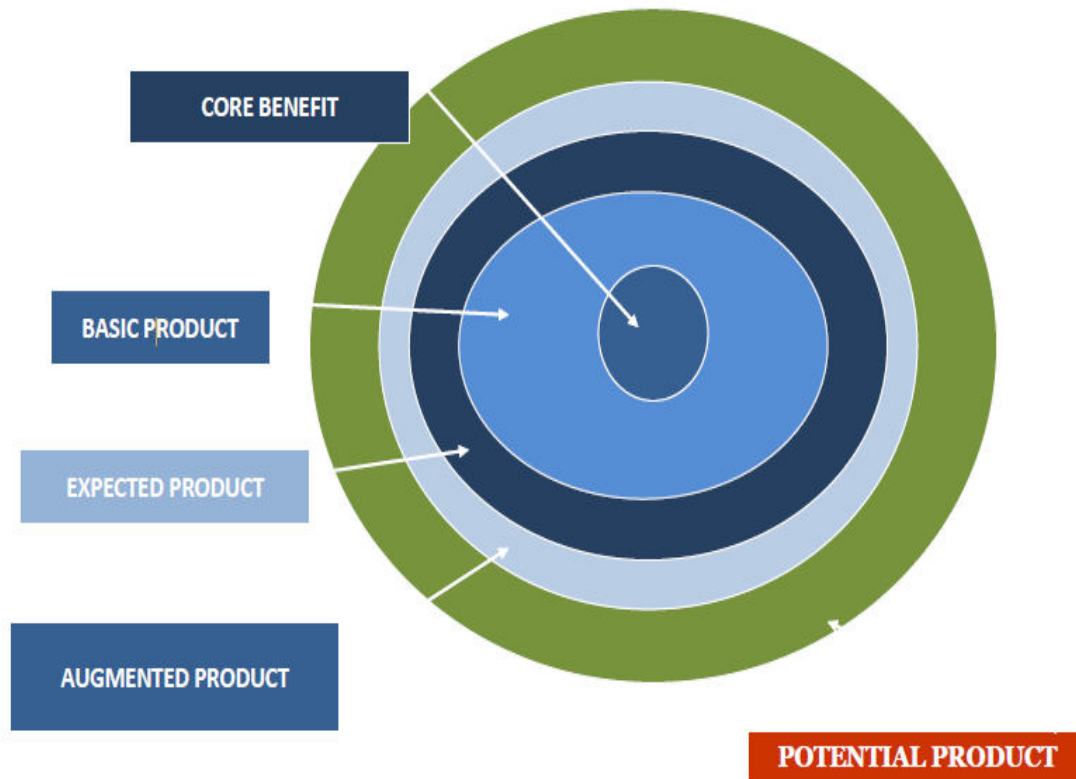


Marketing Mix Challenges

The 4 Ps of marketing: A re-look from the rural perspective

Marketing Tools	Marketing Challenge
Product	Acceptability -3
Price	Affordability -2
Place	Availability -1
Promotion	Awareness - 4

Product Levels



Cont'd

Product Level	Characteristics	Example	Rural Vs Urban
Core Benefit	<u>Fundamental</u> benefit/ services	Entertainment	Same
Basic Product	Benefit/service into tangibles	Television Set	Same
Expected Product	Attributes & conditions buyers normally expect	Digital sound, flat screen	Appearance of differences in expectations
Augmented Product	Exceeding customer expectations	Battery Operated TV	Pleasant surprise for rural customer
Potential Product	Encompassing all augmentations & transformations	Jolly Startek TV	Uniquely rural value proposition



Classification of Product

Rural Product Categories

- ❖ FMCGs
- ❖ Consumer Durables
- ❖ Agri Goods
- ❖ Services



1. Fast Moving Consumer Goods

- ❖ FMCG Market
- ❖ FMGC Growth
- ❖ FMGC Products
- ❖ Market Growth

FMCG Consumption Trends

Products	Urban(1000 HH)	Rural (1000 HH)
Toilet Soap	998	992
Washing Cake	980	950
Cooking Oil	968	952
Hair Oil/ Cream	897	787
Tea	876	758
Toothpaste	822	449
Washing Powder	819	576
Electric Bulb	723	394
Shampoo	663	352
Biscuits	579	314
Health Beverages	324	67

Source: National Council for Applied Economic Research, 2002

© 2012 StudyPad Technologies. All rights reserved. All trademarks are property of respective owners.



2. Consumer Durables

- ❖ Consumer Durable Market

- ❖ Rural Share

- ❖ Durable Product

- ❖ Market Growth

3. Agricultural Goods

4. Services



Product Basket

Group I (<Rs. 1,000)	Group II (Rs. 1,000–6,000)	Group III (> Rs. 6,000)
Pressure cooker	Television set, black & white (small)	Colour television (small)
Pressure pan	Television set, black & white (regular)	Colour television (regular)
Bicycle	Geysers, instant	Video cassette recorder
Wristwatch, mechanical	Geysers, storage	Video cassette player
Wristwatch, quartz	Sewing machine	Scooter
Radio/Transistor	Vacuum cleaner	Moped
Electric iron	Mixer grinder	Motorcycle
Ceiling fan	Two-in-One (mono)	Refrigerator
Table fan	Two-in-One (stereo)	Washing machine
Walkman		Music system
Mono cassette recorder		Car/Jeep



colour televisions, etc.):

Share in %	Rural Share of Consumption			
	1989-90	1992-93	1995-96	1997-98
Over 75%	Transistor / Radio	Bicycle Transistor / Radio	Bicycle Transistor / Radio Mechanical wristwatch	Bicycle Transistor / Radio Mechanical wristwatch Black & White television
50%-75%	Bicycle Motorcycle Table fan Sewing machine Mechanical wristwatch	Table fan Sewing machine Mechanical wristwatch Quartz wristwatch	Black & White television Video cassette recorder Pressure cooker Table fan Sewing machine Quartz wristwatch	Video cassette recorder Pressure cooker Table fan Ceiling fan Sewing machine Quartz wristwatch Motorcycle
30%-50%	Moped Black & White television Video cassette recorder Pressure cooker Electric iron Ceiling fan Quartz wristwatch	Moped Motorcycle Black & White television Colour television* Video cassette recorder Pressure cooker Electric iron Ceiling fan	Moped Motorcycle Electric iron	Moped Scooter Colour television* Electric iron Mixer-grinder
20%-30%	Scooter Mixer-grinder	Scooter Mixer-grinder	Scooter Colour television* Video cassette recorder/ player Refrigerator Mixer-grinder	Refrigerator
10%-20%	Colour television* Refrigerator	Refrigerator	Washing machine	Washing machine
5%-10%	Washing machine	Video cassette recorder/ player Washing machine	-	-
Less than 5%	Video cassette recorder/ player	-	-	Video cassette recorder/ player



Products	Rural	Urban
Wristwatch, mechanical	823	951
Bicycle	605	516
Radio	491	481
Ceiling fan	280	933
Television (B&W)	195	490
Pressure cooker	178	635
Television (colour)	48	304
Mixer-grinder	44	339
Refrigerator	35	335
Motorcycle	28	77



New Product Development

1. Idea Generation
2. Concept Testing
3. Product Development
4. Test the Market

Consumer adoption Process



Product Life Cycle (PLC)

1. Introduction
2. Growth
3. Maturity
4. Decline

Product Mix



- ❖ Rural Packaging
- ❖ Packaging Material
- ❖ Pack Size and convenience
- ❖ Packaging Aesthetics



Product Mix Decisions

Product mix is a set of all product lines and items offered by the company. Product line is a group of closely related products priced within a range and distributed through some channels to the same customer groups. It has two dimensions: Length and Depth.

- **Length** - It refers to the total number of items in the line.
- **Depth** - It is the total number of variants to product items.



Length of Product line: product- line length should be evaluated in the light of company profitability. If profitability can be increased by dropping items, the existing length is more than necessary. If profitability can be increase: 'adding items, the existing length is short.

Life Stretching: Line stretching is lengthening the product line beyond its current range. The stretch can be in three directions:

- Down ward - adding lower end item
- Upward - adding high end items
- Both ways - adding items at both higher and lower ends



Reasons: The line stretching decision is made for the following reasons:

- **Reaction-** As a reaction to competition, innovative product items are added.
- **Opportunity-** To utilise the existing market gap, new items are introduced.
- **Image-** To have a full line company image, rolling upward or downward or both ways is done.
- **Pressure-** Yielding to pressure of sales force and dealers, new product items is introduced.
- **Strength-** To use the available excess capacity, line stretching is done.
- **Desire-** To fulfil the desire of a top executive or product manager, to introduce a new product item, line stretching is done.



Product Item Decisions

Product or service is an offer made by marketer that has the ability to satisfy the needs and wants of customer. Products are physical and tangible. Examples are fertilizers, mosquito repellents, analgesics and footwear Services are intangible and people-based or equipment Examples is soil testing, retailer advice, training and health care.

The key consideration in individual product/service offer is developing of the product at three levels.

1. Core product development
2. Tangible product development
3. Augmented product development



(1) Core Product

Core product refers to the benefits, which are specified by consumer needs. What is the consumer really buying? Core product developer has to focus on the needs of consumer. Product is to be seen not from manufacturing point of view but from marketing point of view. Business is to be viewed as a customer satisfying process, not a goods-producing process. Products are transient, but basic needs of customer groups remain. The below Table illustrates this point.



Need—Product relationships

Needs	Old products	New products
Brushing Teeth	Neem sticks, Charcoal, Ash Rock salt, Husk, Powder mixtures	Tooth paste, tooth powder and liquids
Washing vessels	Coconut fiber, Earthy materials, brick powder, Ash	Washing soaps, powders, and liquids
Transport	Bullock cart, Horse, Donkeys	Tractors, LCVs Mopeds, Scooters, Motor Cycles, Trains, buses



(ii) Tangible Product:- When psychological needs are specified in physical terms, product concept becomes visible and operational. Any product or service has five characteristics.

1. Quality
2. Features
3. Style/design
4. Packaging
5. Branding

It is in these terms that a consumer expresses and expects benefits from a product to satisfy his needs. Accordingly, marketers have to design and communicate 'product' with the above five Characteristics. The task involves answering two questions:

1. What is each characteristic to the consumer?
2. How much of each is to be incorporated in product design?

Arguments against



- 1. Investment-returns doubtful:** Brand building is not an easy task. It requires a great deal of long range investment. It is to be supported by R & D investment, advertising budget and dealer discounts. However, there is no assurance of returns. Many brands have failed. Many are struggling hard despite the good images they have built over a time.
- 2. Image and personality an emotional nonsense:** All the talk about brand personality and image are psychological fantasies created by self-seeking marketers. No product sells on brand name. Only when it fulfils a need, it stays and succeeds in the market. The image of a product or brand cannot help other brands. Instances of such failures are many. Brand personality issues are more academic rhetoric. It is an overstretched concept with little practical value. When a person buys the product, the overriding considerations are cost (price and operational economics) and functional benefits. It is true with a vast majority of consumers.



BRANDING

Branding is a practise of giving specified name the specified name creates individuality in the product and it can be easily recognised from rival product the term brand is broadly applied to all identifying such as trade names, trademarks trade symbols etc... e.g.:- pepsi, lifeboy are brand names it is recognisable by sight but he's not normally pronounceable.

The rural consumer likes to stick to brands that give value for money

Importance of branding

1. Branded product can be easily recognised by the customer in the retail shop it offers protection to the consumer as it identifies the firm behind the product.
2. Branding enables the firm assured control over market. It creates an exclusive market for the product.
3. If a firm has one or more lines of branded goods it can had a new item to its list easily & the new item can enjoy all the advantages of branding immediately.



Characteristic of branding

Attributes & benefits:- Brands of a product plays an important role to attract the rural customers because they mostly believe in the brands, just by seeing branded products they will purchase assuming that they will be satisfied by product.

Values :- By seeing the brand the customers will consider the performance of the product and the safety of the product some customers felt that prestige while purchasing the branded products.

Culture:- By seeing the brand the customer assumes the product is efficient and they also assumes high quality.

Personality:- The person who is using that product



Types of brands

- 1. Individual brand name:-** Each product has a special and unique brand name the manufacturer has to promote each individual brand in the market separately this creates a practical difficulty in promotion otherwise it is best marketing strategy eg:- surf, cinthol, chik shampoo etc....
- 2. Family brand name:-** Family name is limited to one line of a product i.e. products which complete same cycles family brand name can help combined advertising and sales promotion however if one member of the family brand is rejected by the consumers or customers the prestige of all under the family brand may be adversely affected. The manufacturers have to take extraordinary care to guard against the danger family brand name enables creation of strong shelf. It helps to secure quick popularity it is preferable to have separate brands for each product for eg:-amul for milk products, pounds for cosmetics etc...



3. Umbrella brand name:- We may all products such as chemicals, engineering goods, automobiles etc. Manufactured by the Tata concerns will have the Tata as one umbrella brand such a device will also obtain low promotion cost and minimise however experience in any of the line of products, a solitary failure may be very dangerous to the rest of the products sold by a particular business house under umbrella brand.

4. Combination device:- Data house is using combination device each product has individual name to indicate the business house producing the product eg:- Tata Indica, side by side with the product image we have the image of the organisation also many companies use this device profitably.



5. Private or middleman's brand :- Branding can be done by manufacturers or distributors such as wholesalers, large retailers. In India this practise is popular in the wooden, sport goods and searches other industries it helps small manufacturers who have to rely on the middlemen for marketing. It is also used by big manufacturers the manufacturer merely produce goods as per specifications and requirements of distributors and he need not worry about marketing. Manufacturers make both national and private or middleman brands. Consumers of the private or dealers brand.



Some of the brand names that have created lasting impact on rural consumers are as follows:-

- Every day batteries:- Battery with cat as a symbol
- Lifeboy
- Asian paints mascot
- Dabur chawan prakash
- Parle
- Parachute
- Amul
- Zandubalm
- Tata salt
- Nirma
- Textile:- Chermas, Kumar shirts.

Brand Awareness in Rural Market



Rural product development:- The rural market is a fast growing one and has a huge population with a great level of disposable income to encase this; products have to be specifically developed to meet the creeds of rural market sometimes existing products might have to be modified to suit these markets too accordingly.

Rural product development has a strong edifice on a great deal of research like feasibility, studies, rural aspiration and soon. This paves way for a great deal of infra structure and expertise in this area.

Rural branding:- Rural branding bears quite different from urban branding.

The first step towards rural branding is to search and gain insight into the working of rural markets. Based on this communication campaigns products have to be developed with a lot of rural sensitivity.

Rural market research:- rural market behave most differently from urban markets. While many marketers have tried to market their products in rural areas. Just a handful of them only has succeeded. A strong insight into rural consumer behaviour and sensitivity to their values and beliefs is essential to upgrade the rural market research not just gathering data but analyzing them and linking the findings to promoting their products. Rural communication campaigns communication for rural markets calls for a different kind of outlook. There must be a strong emphasis on helping the target relate to message. The entire communication and media strategy has to be devised a system based on research findings. These have to be developed in the regional languages and set in the local culture for easier acceptance and reach to the customers. Besides mass and outdoor media rural extravaganza (cultures) like temple, festival, melas, and other events where the villagers come together can be used for promotions.





Rural events: - In the rural context, one of the best ways to capture the attention of the audience is through event management. Since rural areas have limited venues for entertainment, conducting an event in rural areas can bring a good response..

Rural direct marketing campaigns: - Direct marketing is one of the most powerful ways to meet the targets and build product awareness as well as promotion. The success of any direct marketing campaigns depends on the field workers and their sensitivity and emotional connectivity to rural markets.

Data base creation and management:- Marketing branding and promotional activities in rural context can be highly effective and thereafter have to create a database of prospects. This data is essential for marketers to reach their target accurately and helps marketing plan and communication strategies.

Rural Pricing — Pricing in Rural Markets



Economist defines price as the exchange value of a product or service always expressed in money. To the consumer the price is an agreement between seller and buyer concerning what each is to receive. Price is the mechanism or device for translating into quantitative terms (Rupees and Paise) the *perceived value of the product* to the customer at a point of time. We shall define the *price as the amount* charged for the product or service including any warranties or guarantees, delivery, discounts, services or other items that are part of the conditions of sale and are not paid for separately. To the buyer price is a package of expectations and satisfactions. Thus, price must be equal to the total amount of benefits (physical, economic, sociological and psychological benefits). Any change in the price will also bring about alterations in the satisfaction side of the equation.



Pricing is equivalent to the total product offering. This offering includes a brand name, a package, product benefits, service after sale, delivery, credit and so on. From the marketer's point of view, the price also covers the total market offering, *i.e.* the consumer is also purchasing the information through advertising, sales promotion and personal selling and distribution method that has been adopted. The consumer gets these values and also covers their costs. We can now define price as the money value of a product or service agreed upon in a market transaction. We have a kind of price equation, where :

Money (Price) = Bundle of Expectations or Satisfactions. Included in the bundle of expectations may be physical product *plus other attributes* such as delivery, installation, credit, return privileges, after-sales servicing and so on.



Importance of Pricing

Price is a matter of vital importance to both the seller and the buyer in the market place. In money economy, without prices there cannot be marketing. Price denotes the value of a product or service expressed in money. Only when a buyer and a seller agree on price, we can have exchange of goods and services leading to transfer of ownership.

Pricing decisions interconnect marketing actions with the financial objectives of the enterprise. Among the most important marketing variables influenced by pricing decisions are:



1. sales volume
2. profit margins
3. rate of return on investment
4. trade margins
5. advertising and sales promotion
6. product image
7. new product development.

Therefore, pricing decisions play a very important role in the design of the marketing mix. Pricing strategy determines the firm's position in the market vis-avis its rivals. Marketing effectiveness of pricing policy and strategy should not suffer merely on account of cost and financial criteria.



Pricing Objectives:- A variety of objectives may guide pricing decision:

- 1. Growth in Sales:** A low price can achieve the objective of increase in sales volume. A low price is not always necessary. A right price can stimulate the desired sales increase. In practice, price and non-price objectives are coordinated to produce the desired increase in sales. Competitive price, if used wisely, can secure faster increase in sales than any other marketing weapon.
- 2. Market Share:** Price is typically one of those factors that carries the responsibility for improving or maintaining market share — a sensitive indicator of customer and trade acceptance.



- 3. Predetermined Profit Level:** *Return on Investment, say 20 to 25 per cent is a common decision in marketing. Pricing for profit is the most logical of all pricing objectives.*
- 4. Meet or Follow Competition:** *Many firms desire the stabilisation of price levels and operating margins as more important than the maintenance of a certain level of short-run profits. The price leader maintains stable prices in the industry. Follow the leader.*



Market Price :- The market price is the price determined by the free play of demand and supply. The market price of a product affects the price paid to the factors of production — rent for land, wages for labour, interest for capital and profit for enterprise. In this way, price becomes a prime or basic regulator of the entire economic system because it influences the allocation (distribution) of these resources (factors of production). For example, when the price of a commodity has a rising tendency, we shall have higher wages attracting more labour, higher interest attracting more capital, and so on, in the industry in which prices are rising. Conversely, under falling prices, low wages, low rent, low interest, and low profits will reduce the availability of labour, land, capital and risk-takers in a free market economy. Prices direct and control production and consumption.



Multistage Price Determination Process:- Decisions on pricing are taken in the light of marketing opportunities, competition and many other variables influencing pricing. The price decisions must take into account all factors affecting both demand price and supply price. The price determination process involves the following steps:

1. Market segmentation
2. Estimate of total demand
3. Market share
4. Designing the marketing mix
5. Estimate of total costs
6. Selecting pricing policies
7. Determining pricing strategies
8. Developing the price structure



Pricing Policies:- Price is an important element in the marketing mix. Arrival at the right selling price is essential in a sound marketing mix. Right price can be determined through pricing research and by adopting the test market techniques. A price policy is the standing answer of the firm to recurring problem of pricing. It provides guidelines to the marketing manager to evolve appropriate pricing decisions. If competition is mainly on a price basis, then each company generally prices its products at the same level as its competitors. If there is nonprice competition, each marketer chooses from among the three alternatives:



Pricing Policies

1. Psychological Pricing
2. Monopoly Pricing
3. Customers Pricing
4. Geographic pricing
5. Prestige pricing
6. Dual Pricing
7. Penetration pricing
8. Skimming Pricing
9. Negotiated Pricing
10. Competitive Bidding



11. Price in Line (Pricing at the market): The sale at current market price is desirable under free competition and when a traditional or customary price level exists. It is preferable when product differentiation through branding is minimum, buyers and sellers are well-informed, and we have a free market economy. Under such conditions price loses its importance as a weapon of competition and sellers have to adopt other means of non-price competition, *e.g., branding, packaging, advertising, sales promotion, credit, etc.*, to capture the market.



12. Market-Plus (Pricing above the market): The sale above the market prices under free competition is profitable only when your product is distinctive, unique and it has prestige or status in the market. Customer is inclined to put a greater value on the product if the package is very good or the brand is well-known. Otherwise, it will be a killing price policy, specially if the customer is price-conscious. Reputed brands have higher prices. Price of a product is associated with value, quality, durability, performance, service after sale, credit, and many other attributes. Product-differentiation through branding introduces monopoly element in pricing and established brands can afford higher prices without reducing volume of sales.



13. Market-Minus (Pricing below the market): The sale below the market price, particularly at the retail level, is profitable only to large chain stores, self-service stores and discount houses. These large retailers can sell well-known nationally advertised brands 10 to 30 per cent below the suggested retail prices, list prices or fixed resale prices by the manufacturers. If you have lower costs because your product is of inferior quality, you may have to fix lower price. Similarly, you may prefer a lower price without promotion expenses (which your rivals are undertaking on a large scale). A lower price is a substitute for sales promotion and advertising. Prices of national brands are higher as there is heavy expenditure on advertising and sales promotion to maintain the brand loyalty.



14. Right Pricing: In the long run, the best pricing policy in a competitive market is the market based *pricing*. *It is safer to follow the prices of important* competitors who dominate the market. Such a price policy will prevent price war, and assure normal profits.

15. Non-Price Competition: Non-price competition devices are:

1. Branding
2. Attractive packaging
3. Service after sale
4. Liberal credit
5. Free home delivery
6. Money-back guarantee (return of goods)
7. Sales promotion
8. Advertising
9. Personal salesmanship
10. Product improvements and innovations.



Concept and Nature of Distribution

The link between manufacturers and customers is the channel of distribution. It consists of producer, consumer, and any intermediary organizations that are aligned to provide a means of transferring ownership (title) or possession of a product from producer to consumer. The characteristic features of distribution are:

(i) Distribution is an ancient function.

It was found in a primitive economy in which people realized the need for specialization and exchange. They understood that efficiency can be gained if one person specializes in a certain activity, such as hunting, and another person specializes in a different activity, such as fishing or farming. They exchanged one good for another to satisfy their needs. In a primitive economy, distribution is straightforward; in today's global economy, it is far more complex. It is because of the distances, variety of supporting trade services, and variety of needs of buyers.



- (ii) Key external resource:** While manufacturing, research, engineering and field sales personnel represent internal resources, distribution represents a key external resource. It is outcome of a significant corporate commitment to a large numbers of independent organizations whose business is distribution.
- (iii) Complex with flows :** Channels represent a set of interdependent relationships among intermediaries and producer. The channel facilitates forward flows (physical goods, title of goods, and promotion offers) and back ward flows (ordering and payment). Some of these flows are forward flows (physical transportation, title, and promotion); others are backward flows (ordering and payment); and still others move in both directions (information, finance, and risk taking).



Channel functions : Distribution channel performs various tasks necessary to promote sales of products and services to the ultimate customers. They may include some or all of the following:

Buying—*every middleman must purchase products for resale or contract as an agent to receive a supply of product.*

Selling—*every middleman must contact potential customers, promote the product, and solicit orders.*

Assorting—*the typical middleman brings together an assortment (variety) of merchandize, usually of related items, from several sources to better serve his potential customers.*



Financing—by investing in inventory and by extending credit to customers, the middleman helps to finance the exchange process.

Storage—products must be assembled in a convenient location to assure availability and must be protected to prevent deterioration and loss.

Sorting—in some situations, the middleman provides the important function of buying in large quantities and breaking the bulk purchase into smaller quantities for resale.

Grading—it may be necessary for the middleman to inspect, test, or judge the products he receives for quality and to assign distinct quality grades to them.

Transportation—this is the logistics function, managing the physical flow of the product.



Channel types

One key question in channel decisions is- whether to go for indirect or direct marketing.

- **Direct to customers:** Producer → Customer through
(i) own sales force without own branch net work (ii) own sales force with own branch net work (iii) Telemarketing (iv) E- Channels
- **Indirect to customers :** Because of the wide variety of channel arrangements that exist, it is difficult to generalize the structure of channels across all industries. However, distribution channels are usually of two types:



- **I. Direct Marketing Channel** (or Zero level). This type of channel has no intermediaries. In this distribution system, the goods go from the producer direct to the consumer, e.g., Eureka-Forbes.

0 level

Producer → Consumer

- **II. Indirect marketing Channel.** This may further be classified in the following categories

- **1. One-Level Channel.** *In this type of channel there is only one intermediary between producer and consumer. This intermediary may be a retailer or a distributor.*

1 Level

Producer ----- Retailer ----- Consumer

If the intermediary is a distributor, this type of channel is used for specialty products like washing machines, refrigerators or industrial products.

Producer ----- Distributor ----- Consumer



2. Two-Level Channel. *The type of channel has two intermediaries, namely wholesaler/distributor and retailer.*

2 Level

Producer ----- Distributor ----- Retailer ----- Consumer

3. Three – Level Channel. *This type of channel has three intermediaries namely distributor, wholesaler and retailer. This pattern is also used for convenience products*

Producer ----- Distributor ----- Wholesaler ----- Retailer ----
Consumer

4. Four – Level Channel. *This type of channel has four intermediaries namely Agent, Distributor, wholesaler and Retailer. This channel is somehow similar to the previous two. This type of channel is used for consumer durable products also.*

Producer ----- Agent ----- Distributor ---- Wholesaler ---
Retailer -- Consumer

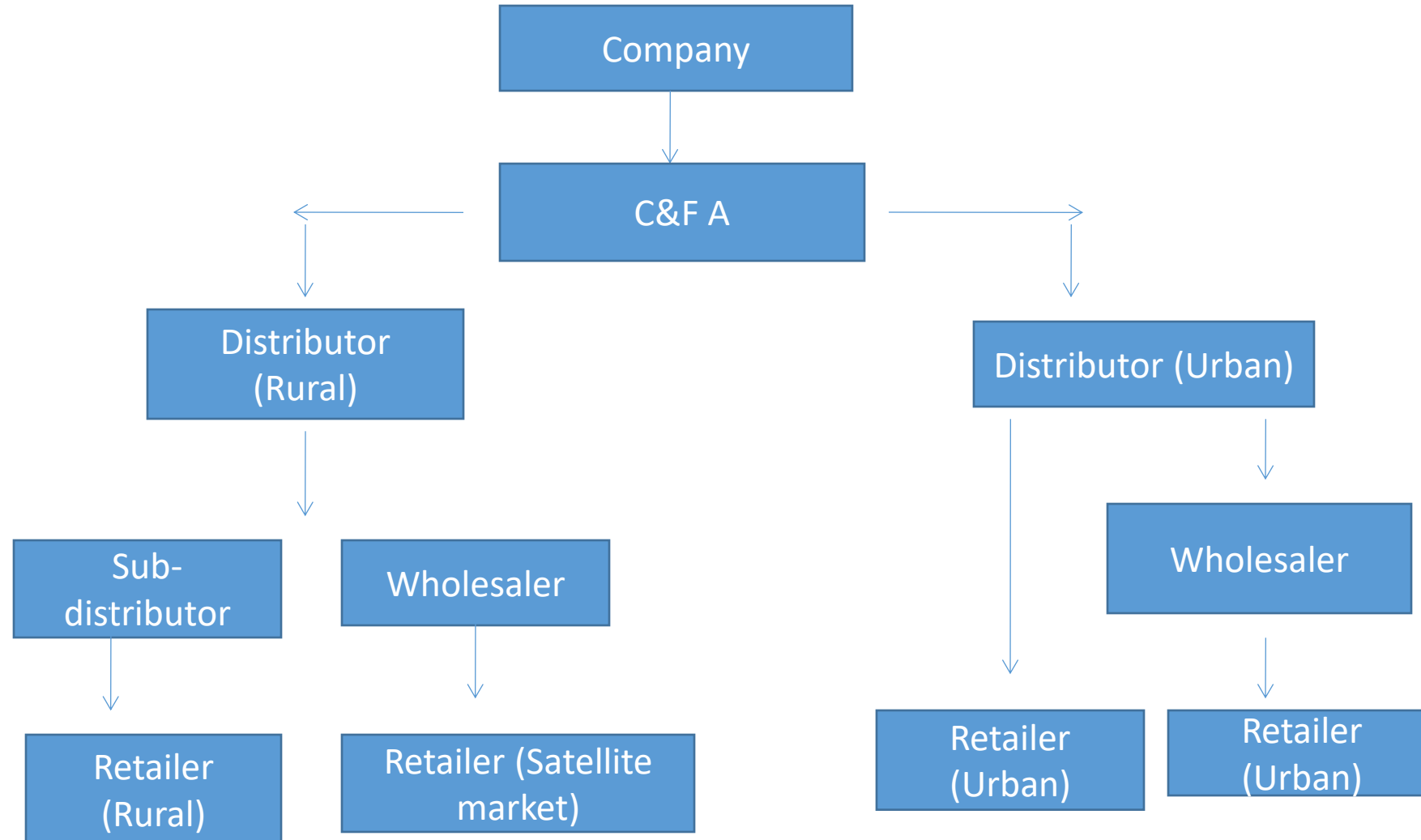


Modern Strategies

1. Corporate Self Help Group:- the project Shakit by HUL
2. Satellite Distribution System:- 1. stockist get appointment in major towns and feeder towns, 2. depends on the size of the stockist and product line, 3. the manufacturer supplies good to the stockist
3. Syndicated Distribution:- P& G and Godrej
4. Nehru Yuva Kendra Sangatham:- The central Government to promote employment and income generation activity.
5. Bare Foot Agents:- Door to door
6. Petrol Pumps
7. Agricultural Input Dealers

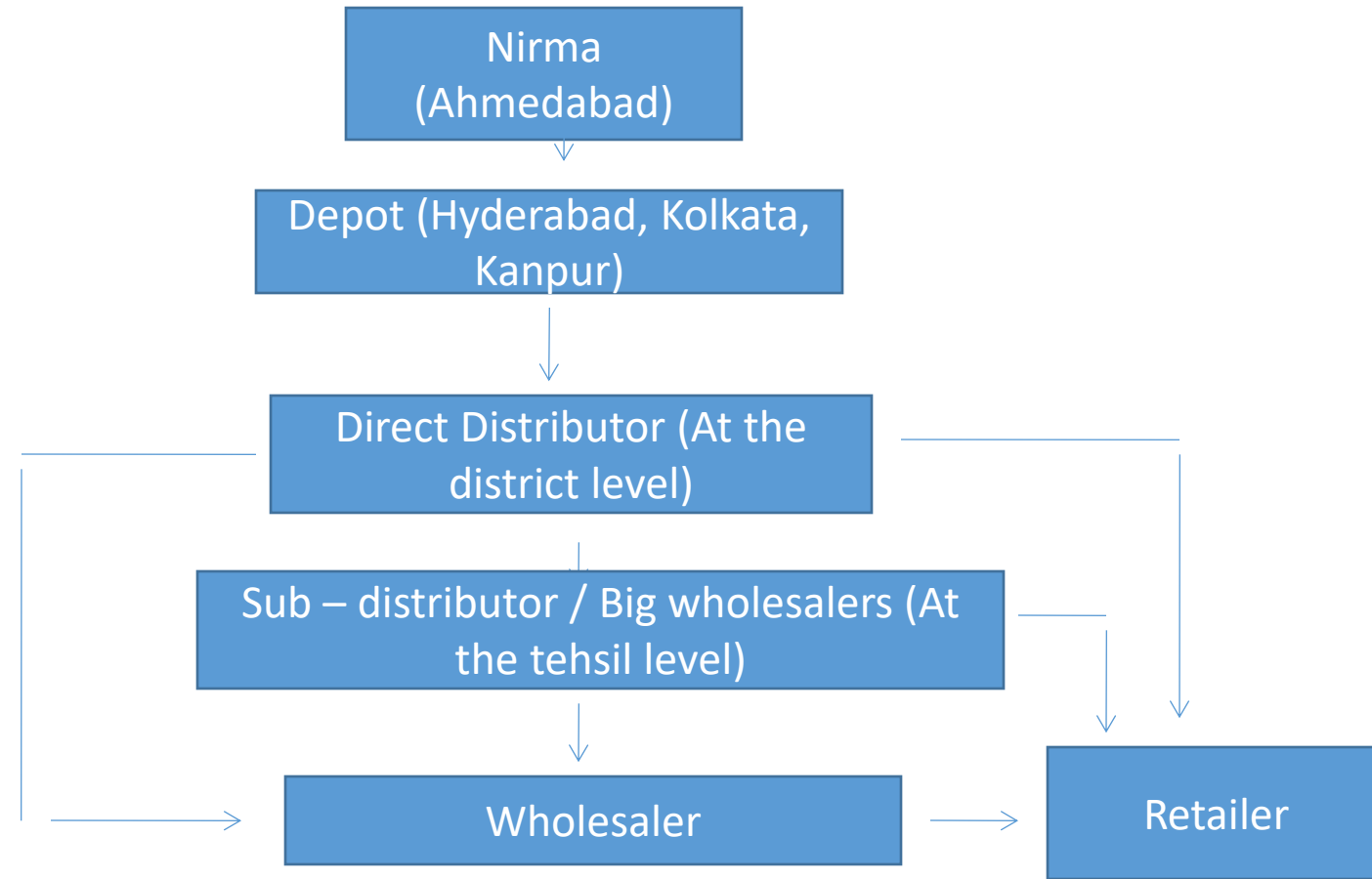


Distribution Model for FMCG Companies

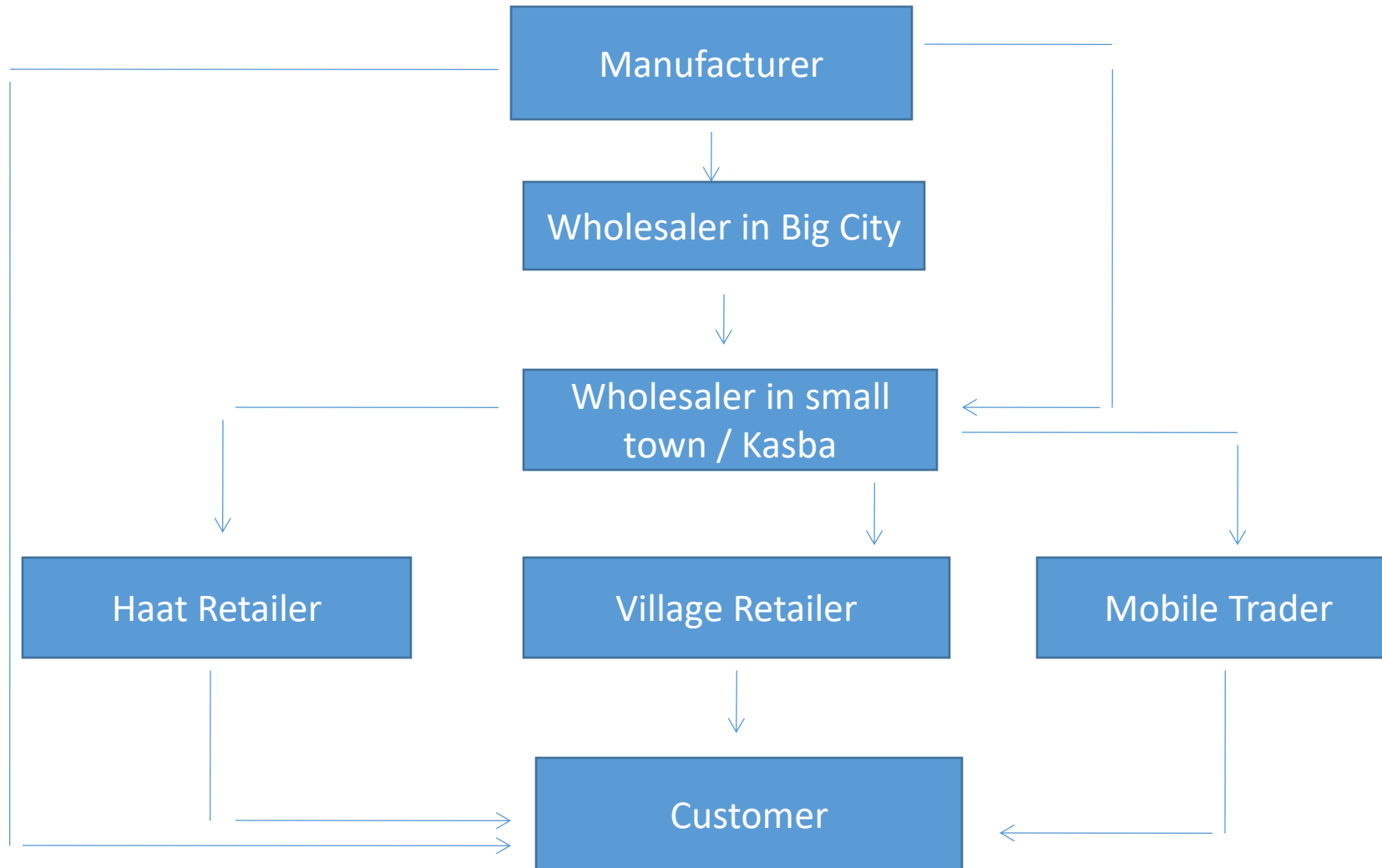




Nirma Distribution System

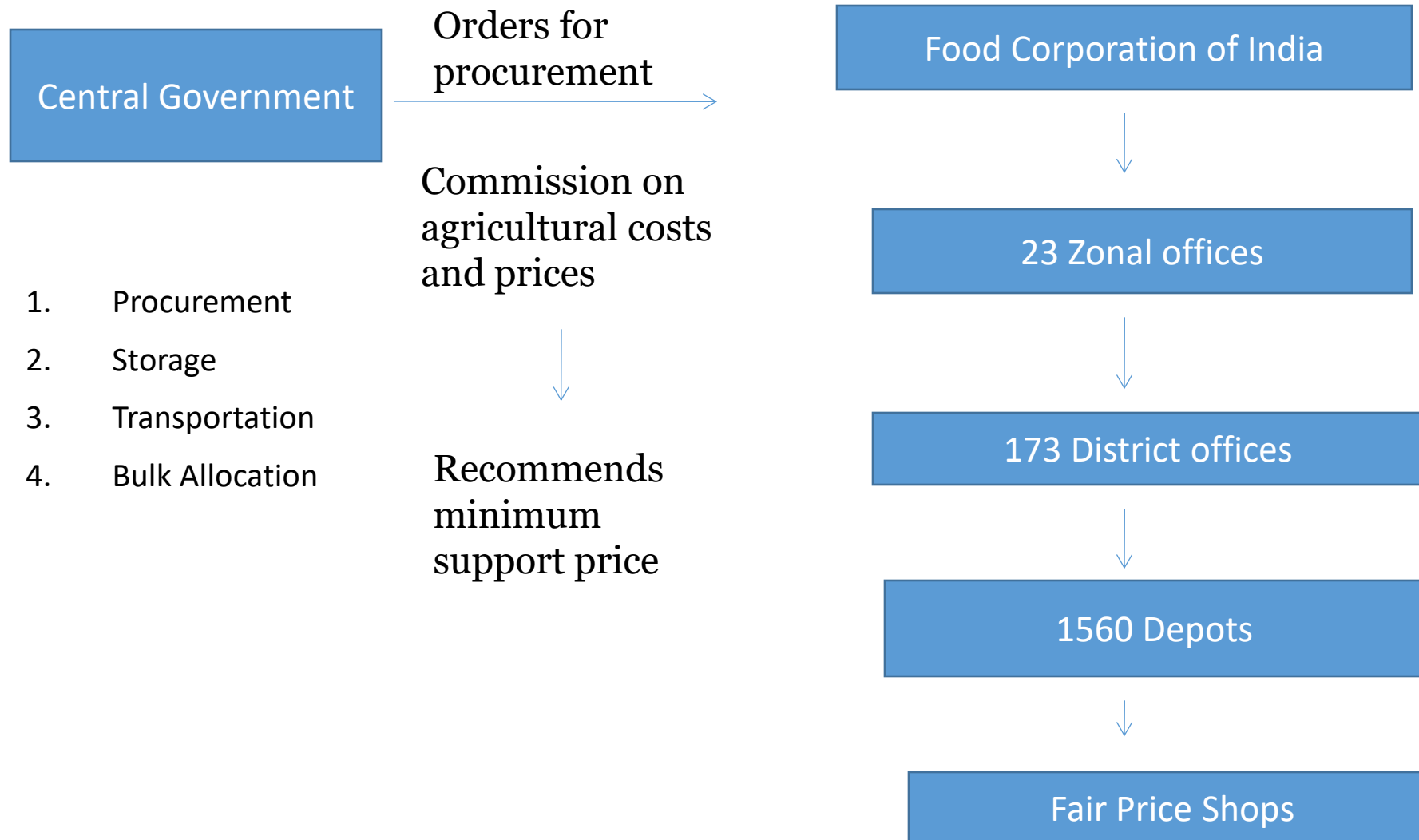


Distribution of Fake Products

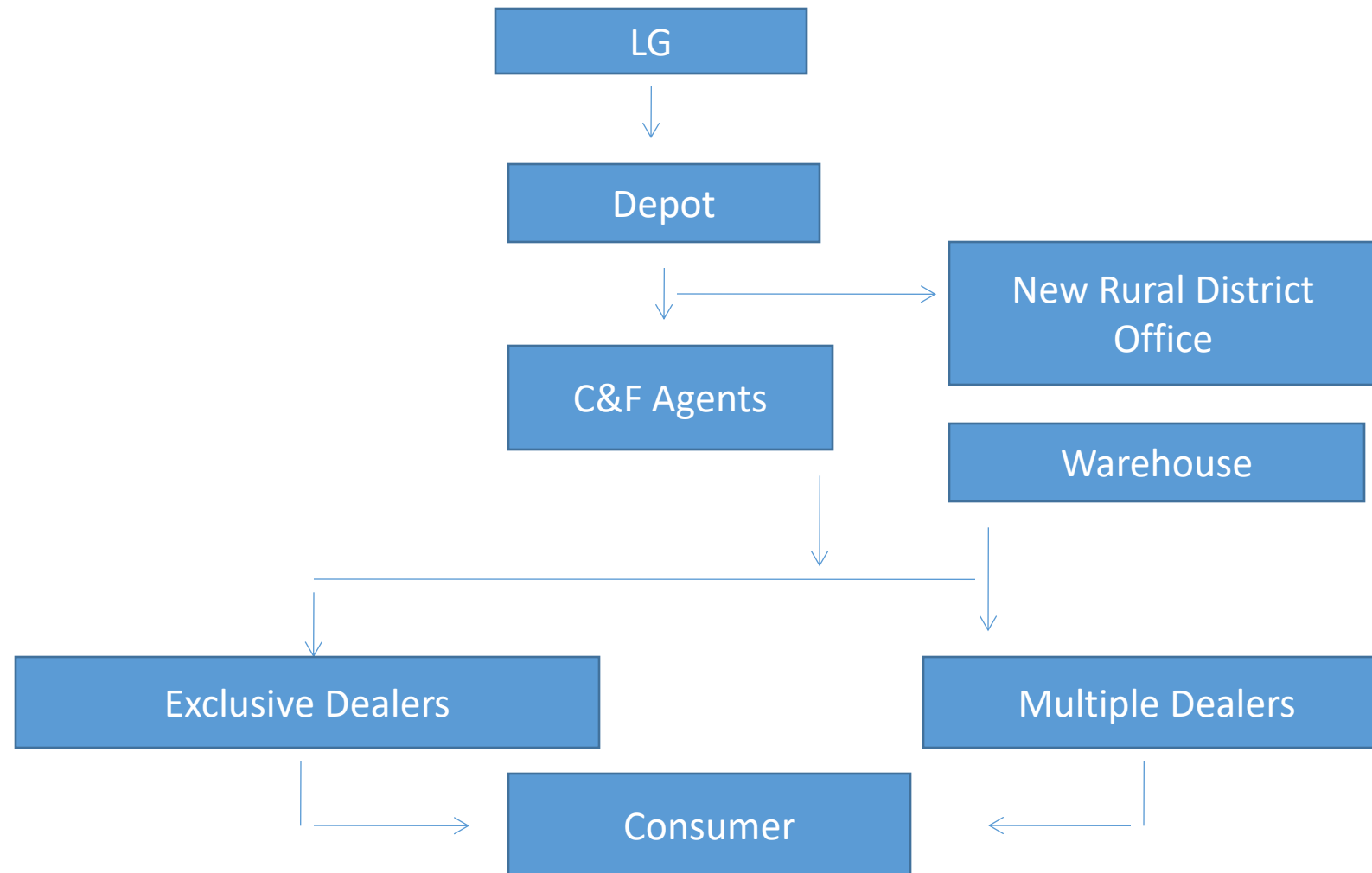




PDS Network

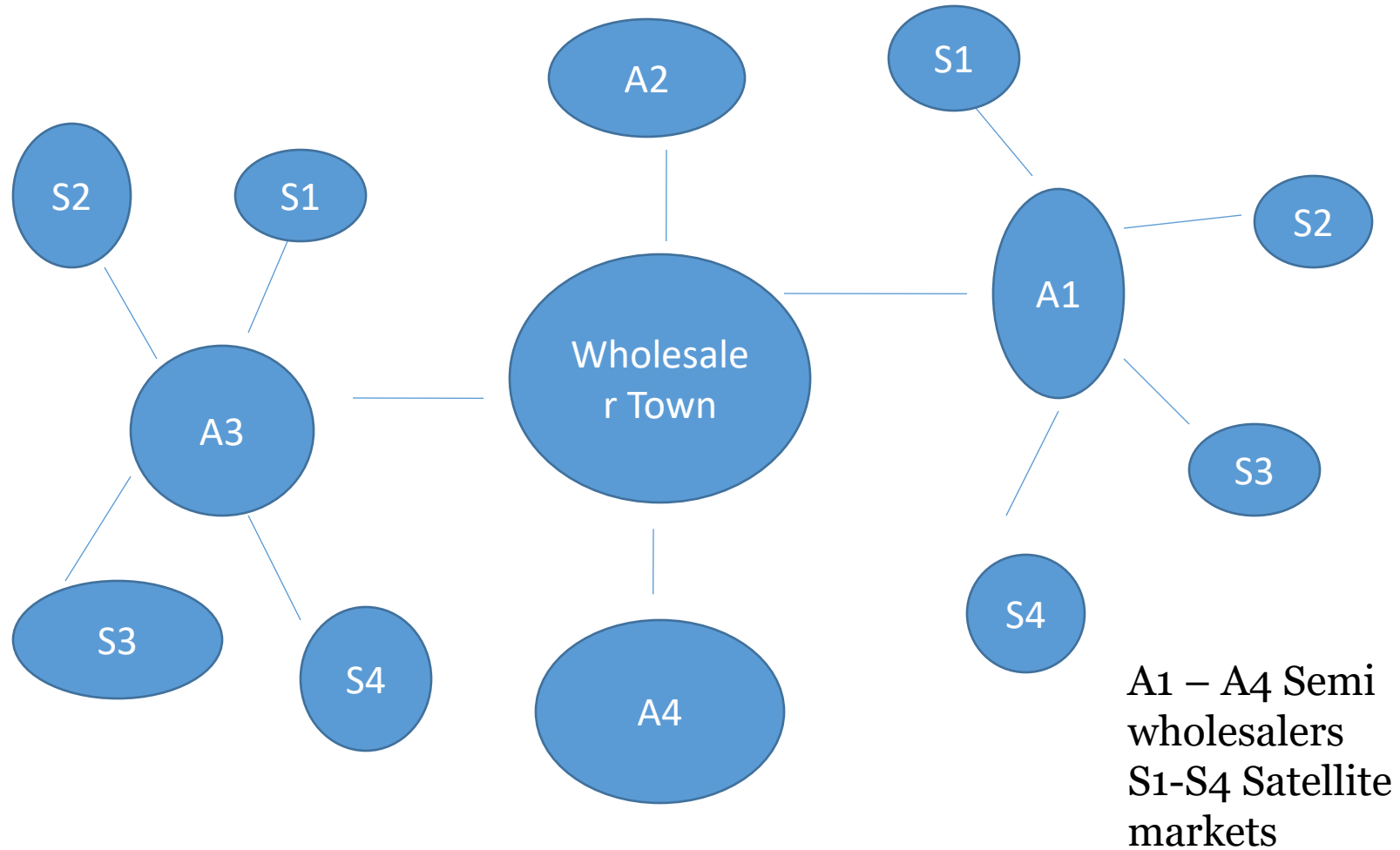


Distribution Model of Durable Goods Companies





Hub and Spoke System





Promotion:- Sales promotion is referred to the promotional activities other than personal salesmanship, advertising and publicity, which stimulate consumer purchasing and dealer effectiveness, **e.g., displays, exhibitions and showrooms, demonstrations, free samples, coupons, premiums, contests and various other non-recurrent selling efforts not in the ordinary routine. It is a plus ingredient in the marketing mix**, whereas advertising and personal salesmanship are essential and basic ingredients in the marketing mix.

In short, sales promotion is a bridge or a connecting link covering the gap between advertising and personal salesmanship, the two wings of promotion.

The manufacturer or wholesaler may have a good product, reasonable price, attractive package, etc. He may have a good sales force. He may have spent a lot on advertising. Even then he knows that the product may not sell by itself. He can get orders from dealers or retailers.



the following reasons for undertaking actively all forms of sales promotion:

1. calling attention to new products and product improvements
2. informing buyers of new brand and new package
3. Improving market share,
4. increasing usage rate by present customers
5. maintaining customer support and brand loyalty
6. obtaining dealer outlets
7. securing additional shelf-space and added display
8. creating talking points for sale persons meeting competition.



Strengths of Sales Promotion

1. It stimulates positive attitudes toward the product.
 2. It gives extra incentive to the customer to make a purchase.
 3. It gives direct encouragement to take immediate action *now rather than later*.
 4. *It has flexibility and it can be used at any stage of a new product introduction.*
- Sales promotions are very effective:
- (a) when a new brand is introduced
 - (b) when we have to communicate a major improvement in our product
 - (c) when we want to amplify the results of the advertising
 - (d) when we want to increase the number of retail stores to sell our products.



Limitations of Sales Promotion

- 1, Sales promotions have temporary and short life not exceeding three months. Sales promotion alone cannot build up brand loyalty.
2. Sales promotions are only supplementary devices to supplement selling efforts of other promotion tools.
3. They are non-recurring in their use. They have seldom reuse values.
4. Too many sales promotions may affect adversely the brand image, suggesting its lack of popularity or overstocking by a company.
5. Advertising agencies accord low status to sales promotions and usually employ junior staff for sales promotion so that they may be trained for more creative jobs. Sales promotions are ineffective:
 - a) when established brands have a declining market,
 - b) there are no product improvements,
 - c) when there is intensive competition on consumer sales promotion.



STEPS IN A PROMOTIONAL CAMPAIGN

1. Identify a target market
2. Define objectives
3. Determine a promotional budget
4. Develop a unifying message
5. Implement the plan
6. Evaluate effectiveness



Role of Media in rural market

1. Promoting Products or Organizations
2. Stimulating Primary Selective and Demand
3. Offsetting Competitors Advertising
4. Making sales persons more effective
5. Increasing use of product
6. Reminding and reinforcing customers
7. Reducing Sales fluctuations



Conventional Media

Rural Media

1. Conventional Media
2. Non- conventional media
3. Personalized media



1. Conventional Media

Mass Media

- a. Radio
- b. Television
- c. Cinema
- d. Print

Mass Media: the Changing Dynamics

- Mass media reach by SEC
- Mass media reach by Village class
- Mass media reach by age group
- Mass media reach by Gender



2. Non- conventional media

- Outdoor Media: Wall Printing
- Characteristics of wall Painting
- Limitation
- The Rural Marketers Rule



3. Personalized media

Kinds of Folk Media

- Folk theatre
- Folk Songs
- Folk Dance
- Magic shows
- Puppet Shows
- Interactive Games
- Drawbacks of folk Media Campaigns
- **The Rural Marketers Rule**



❖ Video Van / Video Rath

❖ Vehicle type

❖ Duration

❖ Advantage of video van

❖ Disadvantages in video van

❖ Haats

❖ Melas

❖ Mandis

❖ Direct mails



Personal selling - Role and management of rural sales force

Nature of Personal Selling

1. The greatest freedom to adjust a message to satisfy customers informational needs, dynamic.
2. Most precision, enabling marketers to focus on most promising leads. vs. advertising, publicity and sales promotion
3. Give more information
4. Two way flow of information, interactivity.
5. Discover the strengths and weaknesses of new products and pass this information on to the marketing department.
6. Highest cost. Businesses spend more on personal selling than on any other form of promotional mix.
7. Goals range from
 - A. finding prospects
 - B. convincing prospects to buy
 - C. keeping customers satisfied--help them pass the word along.



Types of Sales Persons

Order Takers:- Seek repeat sales, make certain that customers have sufficient product quantities where and when they need it. Do not require extensive sales effort. Arrange displays, restocks them, answer phone calls. Low compensation, little training required. High turnover of personnel. 2 types:

- **Inside Order Takers** receive orders by mail/phone, sales person in a retail store.
- **Field Order Takers** travel to customers. Use laptop computers to improve tracking of inventory and orders etc.

Order Getters:- Sell to new customers and increase sales to present customers, sometimes called creative selling. Generate customer leads, provide information, persuading customers and closing sales. Required for high priced, complex and/or new products. High pressure, requires expensive, time consuming training.



Support Personnel:- Facilitate the selling function. Primarily business to business products.

- **Missionary Sales people** Distribute information regarding new goods or services, describes attributes and leaves materials, does not close sales. Assist producers' customers in selling to their own customers. IE call on retailers and persuade them to carry the product. Pharmaceuticals may go to doctors offices and persuade them to carry their products.
- **Trade Sales people** May perform order taking function as well. Spend much time helping customers, especially retail stores, to promote the product. Restock the shelves, set up displays. Technical Salespersons Offer technical assistance to current customers. Usually trained engineers etc.
- **Service Sales people** interacts with customers after sale is complete.
- **Team selling**...entire team of selling professionals in selling to and servicing major customers, especially when specialized knowledge is needed to satisfy different interests in customers' buying centres.



Elements of the Personal Selling Process

1. **Prospecting and Evaluating:-** Seek names of prospects through sales records, referrals etc., also responses to advertisements. Need to evaluate if the person is able (Undergraduate degree to attend a graduate program), willing and authorized to buy. Blind prospecting-rely on phone directory etc.
2. **Pre-approach (Preparing):-** Review key decision makers. for business to business, but also family
 - A. assess credit histories
 - B. prepare sales presentations
 - C. identify product needs.

Helps present the presentation to meet the prospects needs.
3. **Approaching the Customer:-** Manner in which the sales person contacts the potential customer. First impression of the sales person is Lasting and therefore important. Strive to develop a relationship rather than just push the product. Can be based on referrals, cold calling or repeat contact.



4. **Making the Presentation:-** Need to attract and hold the prospects Attention to stimulate Interest and stir up Desire in the product so the potential customer takes the appropriate Action
- A. Stimulus Response Format:** Appropriate stimulus will initiate a buy decision, use one appeal after another hoping to hit the right button...Counter Clerk @ McDonald's "Would you like fries with your burger?"
- B. Formula Selling Format:** (Canned Sales Presentation) memorized, repetitive, given to all customers interested in a specific product. Good for inexperienced sales people. Better with heavily advertised items that are presold. Telemarketing a credit card!!
- C. Need Satisfaction Format:** Based on the principal that each customer has a different set of needs/desires., therefore the sales presentation should be adapted to the individual customer's needs, this is a key advantage of personal selling vs. Advertising. Sales person asks questions first, then makes the presentation accordingly. Need to do homework, listen well and allow customers to talk etc. Must answer two types of questions:
- for more information
 - overcome objections.



5. Closing:- Ask prospect to buy product/products. Use trial closes, IE ask about financial terms, preferred method of delivery. 20% sales people generally close 80% sales., The following are popular closing techniques:

- a. Trial Close (Minor decision close)
- b. Assumptive close (Implied consent close)
- c. Urgency close
- d. Ask for the sale close

6. Following Up:- Must follow up sale, determine if the order was delivered on time, installation OK etc. Also helps determine the prospects future needs. Accomplishes four objectives:

- a. customer gain short term satisfaction
- b. referrals are stimulated
- c. in the long run, repurchase



Management of Sales force

Sales force is directly responsible for generating sales revenue.

1. Establish Sales force objectives
2. Organizing the Sales force
3. Recruiting and Selecting Salespeople
4. Training Sales Personnel
5. Compensating Sales People
6. Motivating Sales People

Promotion- Adaptations for Rural Markets



Conventional	Non- Conventional	Personalised
Television	Haat and Mela	Direct mailer
Radio	Folk Media(puppet and magic show)	POS (demonstration, leaflet)
Press	Video Van	Word of mouth
Cinema	Mandi	Interpersonal communication
Outdoor: Wall Painting, Hoarding		Animator



Melas & Haats

Melas	Haat
<ol style="list-style-type: none">1. 25,000 melas2. Companies can concentrate on the top 100 melas3. Pushkar Mela in Rajasthan4. Organised by the state veterinary department5. Product sales, promotion, demonstration and database generation6. Cultural activities and rural sports	<ol style="list-style-type: none">1. Periodic markets located in larger villages(> 40,000)2. 10 – 50 villages are serviced3. Sunday markets are most popular4. Average number of outlets is 315 and average daily sales is about Rs 2 lakhs5. Traders participate in at least 4 haats6. 81 percent of the visitors are repeat customers



Types of Promotions

- Advertising
- Sales promotions – coupons, contests, demonstrations and sampling, Example: Tata Shaktee Haat Hungama
- Direct marketing, Example: Videocon
- Publicity, Example: Project Shakti and AP Online
- Using a direct selling through a sales force, Example: Swasthya Chetna for Lifebouy

Cont'd



- Push strategy – sales force and trade promotion
- Pull strategy – advertising and consumer promotion

THANK YOU



MODULE 3

Dr.JAGADEESH BABU MK

Rural Market Research



- The systematic design , collection, analysis and reporting of data and findings relevant to a specific marketing situation facing by the company in rural market.
- “The systematic planning, gathering, recording and analyzing data about problems related to marketing of goods and services.”
-American Marketing Association.

Rural Market Research Process



- Marketing research involves a sequence of steps-
- Step-I Defining a research problem
- Step-II Finalizing a research design
- Step-III Developing a research hypothesis
- Step-IV Planning the research methodology
- Step-V Data collection
- Step-V Data analysis
- Step-VI Conclusion and Recommendations

Types of Rural Studies



□ Quantitative studies

- Since penetration and consumption of most products are low, the market is under development, hence quantitative studies cannot be done for most products

□ Qualitative studies

- 4As of Rural marketing – Acceptability, Affordability, Awareness and Availability
- U & A (Usage & Attitudes) or KAP (Knowledge, Attitude and Practices)
- Feasibility
- Mapping distribution, promotion and communication channels

4 A's of Rural Marketing



- » Availability
- » Affordability
- » Acceptability
- » Awareness





Sources & Method of Data Collection

- Ensuring the support of opinion leader
 - Behaving in a manner to be liked by rural people
 - Being at right places:
 - Village Chou pal
 - Retail outlet
 - Fairs
 - Huts

Sources & Method of Data Collection



Methods

- Secondary Data –
 - Census , Central Bureau of Statistics, VDC, DDC, World Bank, ADB, Helvetas etc

- Primary data
 - In-depth interview,
 - focus group discussion,
 - social research ,
 - Questionnaire,
 - Sampling



□ **PRA**(Participative Rural Appraisal)

- Is a set of approaches and methods to enable rural people to share, enhance and analyze their knowledge of life and conditions, to plan and to act.

□ **PRA Tools**

- Social mapping : capture house location/ caste distribution
- Resource mapping : availability of resources
- Seasonality diagram : information on the basis of seasons
- Venn diagrams : to identify various issues with relative
- importance

Advantages of PRA & FGD



PRA(Participative Rural Appraisal)	FGD(Focused Group Discussion)
Large and Heterogeneous	Small and Homogeneous
All people participate in Verbal & Non Verbal ways	Spokespersons Dominant the discussion in Verbal form.
Attitude and Behavioral oriented.	Action oriented
Spot analysis by Participant	Analysis done by Moderator



Research Tools for Rural Market

- **Semiotic Analysis** -Appropriate colors, signs and symbols to avoid inappropriate ones. Helps advertising agencies in promotion mix
- **Customer I.Q** -Quality, satisfaction and loyalty which provides information about brand equity
- **Advanced Tracking Program (ATP)** -Tracking brand health and brand equity to analyze different brands performance



Urban VS Rural Market Research

ASPECT	URBAN	RURAL
Respondents	Literate, brand aware, individuals respond individually	Semiliterate or illiterate, brand unaware. Difficult to get individual responses. Generally group responses
Time	Willing to respond. Have time pressures. Spares little time for researchers	Hesitant. But devotes time.



Urban VS Rural market contd..

Accessibility	Easy to access, though many suffer from research fatigue	Tough to access, Geographical barriers. Do not speak easy to outsiders
Secondary data source	Internal data, syndicate research, publish media. Many sources and large data	Less number of all categories
Primary data sources	Large number of middle men, experts, sales force, consumers, opinion leaders	Less number of all categories

Do's and Don'ts in rural market research



- ✓ Wears simple clothes
- ✓ Familiar with local language or accompany a known person
- ✓ Spent time with villagers even though it is not needed to his research
- ✓ Purpose and its benefits to villagers should be explained in order to get correct data's.
- ✓ Issues sensitive to respondents should be carefully handled
- ✓ Male researchers should approach a woman through her husband or guardian of the woman.
- ✓ Avoid one- to-one interact as they gather as crowd.
- ✓ Researcher always carry food, water and first aid kit to avoid health problems

Limitations & challenges in Rural



Marketing Research

- Nature of Rural Market
- Scarcity of Rural Marketing Research Budget
- Lack of Uniformity in Secondary Data
- Accessibility
- Lack of Facilities in Rural Areas
- Comprehension of Research Tools
- Sensitivity of Rural People



Consumer Finance



Sources of Credit

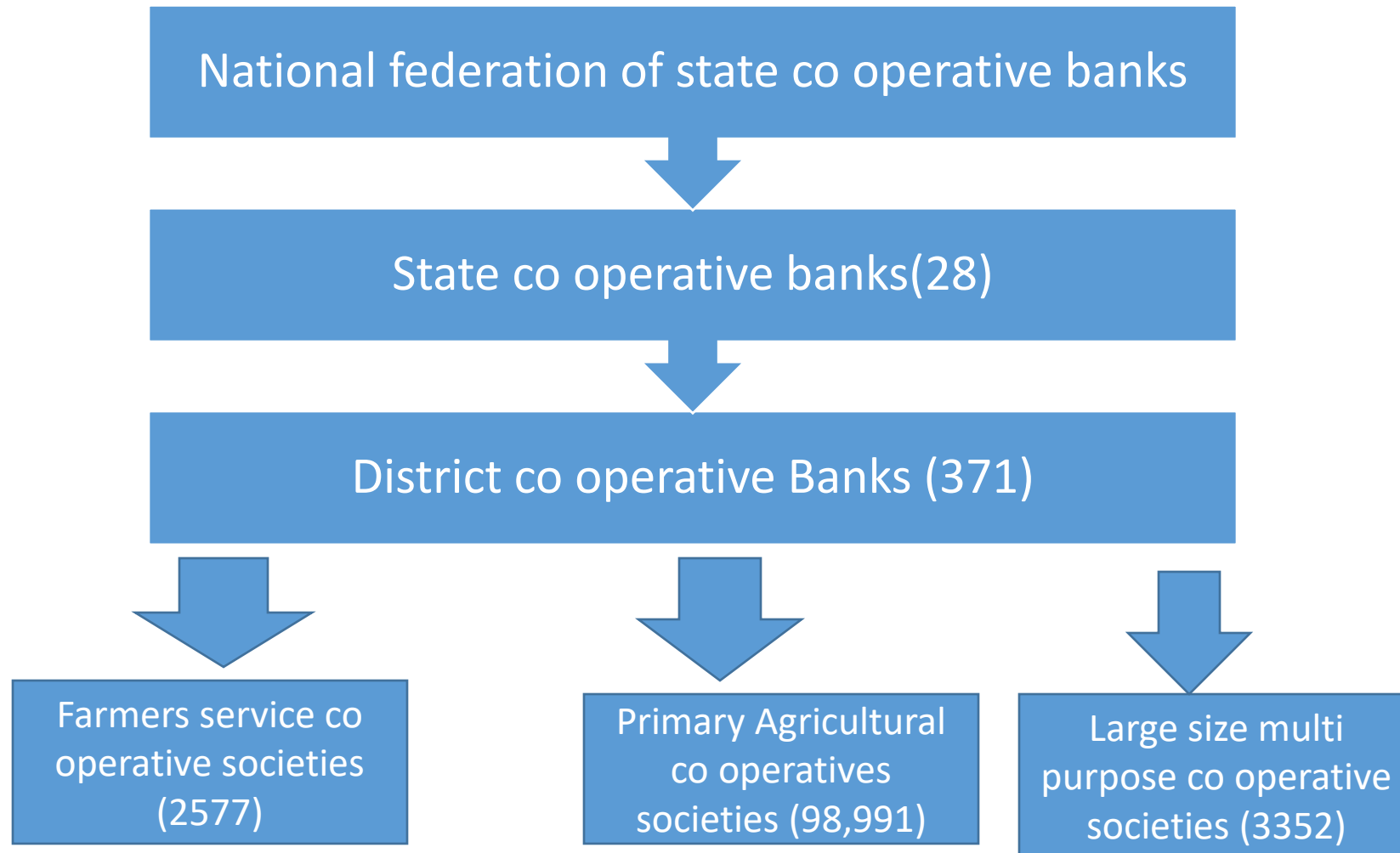
- Unorganised Finance-Money lenders, landlords, traders and commission agents
- Rich farmers who lend to fellow villagers and farmers
- Village shopkeepers
- Professional moneylenders of a particular community
- Commission agents-



Organised sector

- Co operatives
- Commercial banks
- RRBs

Network of agricultural co operative societies





- Commercial banks have 48% presence in rural India-32,300 branches in rural India
- RRB's-Meet the needs of small and marginal farmers
- RRBs have 14,506 branches in rural areas
- They provide both short term and long term loans for agriculture and allied activities

Non Banking Financial Institutions



- Peerless and Sahara
- Daily and weekly savings



Innovative credit delivery systems

- Kisan Credit card(KCC)
- Micro Finance
- Chit funds



Public-private partnerships (PPPs) can be a tool to get more quality infrastructure services to more people. When designed well and implemented in a balanced regulatory environment, PPPs can bring greater efficiency and sustainability to the provision of public services such as energy, transport, telecommunications, water, healthcare, and education. PPPs can also allow for better allocation of risk between public and private entities.

PPP for Electric Buses

In an attempt to shift from fossil fuels to cleaner energy forms and to make public transportation more affordable and efficient, a MCA has been drafted to engage private sector investors to supply and operate electric buses in cities. A stakeholders meeting was organized in October 2018, at NITI Aayog which laid the contours of the project.

PP for Integrated-Micro-Irrigation

Concept Note for setting up integrated micro-irrigation system in India through PPP mode has been prepared and shared with all the State Governments. The project would have two key components ‘common infrastructure’ and ‘on-farm distribution’.



Alternate Financing

To abate the burden on the banking system to fund large ticket size infrastructure projects, NITI Aayog has been exploring avenues and newer modes for further deepening alternative sources of financing for infrastructure (other than commercial banks) in India.



E-RURAL MARKETING

Rural areas are evolving into strategic market for companies which include not only domestic but MNCs too. There is great potential that lies in rural market. More and more stress is therefore being given on marketing products.

ITC e-Choupal is the greatest example of information technology in rural marketing. Launched in June 2000, 'e-Choupal', has already become the largest initiative in all internet-based interventions in rural India.

ITC followed a different media/communication strategy which is more elaborate and extensive in rural marketing so far, which benefits both the farmers and the organization. The strategy use the Information Technology and bridge the information and service gap in rural India which gives an edge to market its products like seeds, fertilizers and pesticides and other products like consumer goods etc.



E-Panchayat

Panchayats were an essential part of rural life. The Constitution (73rd Amendment) Act, 1992 has introduced the Panchayati Raj at the Village, Intermediate and the District levels, as the third tier of governance. Information technology has further helped the government to meet the challenge in this sector. Rural India has been given access to the basic services and the first-level of government interaction through e-Panchayat. It deals with issue of trade license and NoC, house related services, issue of birth and death certificates, copy of proceedings of Gram Sabha and Action Taken Report, dissemination of BPL data etc.

ESeva

It was initiated with an aim of “one-stop non-stop service” by Andhra Pradesh government. The Government of AP uses the technology and followed an integrated approach by combining departments of the state and central governments.

Bhoomi

Delivery and management of land record has become very easy with an online project Bhoomi which was initiated by the Karnataka government. It handles 20 million rural land records owned by 6.7 million farmers with full transparency leaving no space for corruption

Tarahaat

Tarahaat got its name after haat or bazaar where one can find everything or it is just like the all purpose market. Relevant information on products and services is brought to unserved rural market of India through Tarahaat. The project is an initiative of NGO,



Drishtee

State-of-the-art software has been used to create Drishtee. It helps the farmers by providing information and access to government programs and benefits, latest information on market, private information exchanges and transactions

Rural Development



Ensminger,



Development
Mechanization
High Yielding



Modernization
Technical training
Marketing



Technical
Artisan skills
Agriculture



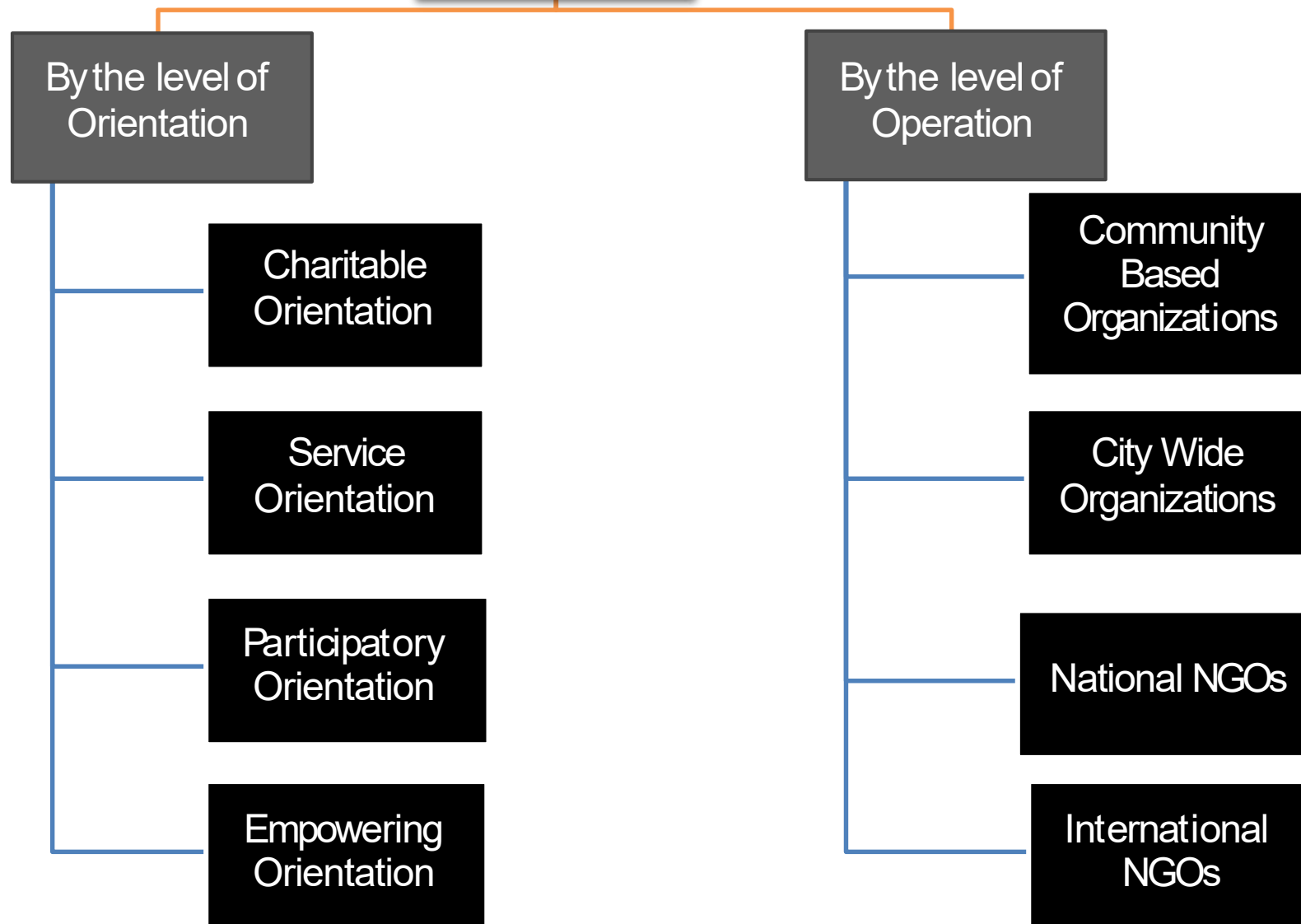
Dispensary
Health guidance
Family welfare



Why we need NGOs

- ❖ Gaps in the development process between reach and requirement of services
- ❖ Ignorance.
- ❖ Lack of willingness.
- ❖ Lack of awareness.
- ❖ Reluctance.
- ❖ Non-availability of services.

NGOs Classification



TYPES OF NGOS: BY ORIENTATION AND LEVEL OF OPERATION



- **Charitable Orientation-**Needs of the poor -distribution of food, clothing or medicine; provision of housing, transport, schools etc
- **Service Orientation-** Provision of health, family planning or education services in which the programs are designed by the NGO
- **Participatory Orientation-** Self-help projects where local people are involved particularly in the implementation of a project by contributing cash, tools, land, materials, labour etc.
- **Empowering Orientation-** The aim is to help poor people develop a clearer understanding of the social, political and economic factors affecting their lives, and to strengthen their awareness of their own potential power to control their lives.

NGO TYPES: BY LEVEL OF OPERATION:



- **Community-based Organizations-**
sports clubs, women's organizations, and neighborhood organizations, religious or educational organizations.
- **Citywide Organizations-** Its Include organizations such as the Rotary or lion's Club, chambers of commerce and industry, coalitions of business, ethnic or educational groups and associations of community organizations.
- **National NGOs-**
YMCAs/YWCAs, professional organizations etc. Some of these have state city branches and assist local NGOs.
- **International NGOs-**
organizations, OXFAM, CARE, religiously motivated groups.



Grassroots Development

- Targets disadvantaged groups through small, locally based projects.
- The overall aim is to empower people to become self-reliant
- These projects usually **involve training and education** programs to transfer skills and build the capacity and confidence of local organisations and communities.
- This approach at its most successful allows the benefits of a project to continue beyond the duration of the project itself.

Humanitarian/Emergency Relief

focuses on relief in times of disaster such as earthquakes, floods and cyclones. NGOs in this area aim to gain access to disaster zones as quickly as possible to provide emergency health services and food aid.



Advocacy

- Aims to draw public attention to an issue and influence government policy either on behalf of, or alongside, a particular community interest group.
- Different NGOs target specific communities, groups or sectors in their advocacy work.
- Advocacy can be approached through NGO participation in high level policy dialogues, lobbying, or through grassroots and community campaigning.
- Approaches to advocacy and the level of involvement of affected communities differ with each organisation.

Volunteer

- Programs run by NGOs facilitate sending volunteers overseas to offer technical assistance, project support and capacity building in a variety of sectors such as nursing, education, engineering and agriculture.



- Support democratic system
- Function on no profit basis
- Non Political in character
- Clearly defined objectives
- Limited external control
- Voluntary Character
- Wide operational area
- Positive contribution
- Need financial support
- Interest in long-term projects





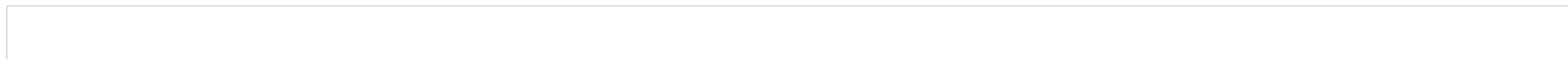
- } Create awareness
- } Protect human rights
- } Encourage rehabilitation
- } Gainful employment
- } Combat man made crisis
- } Protect environment





Basic Facts on NGO



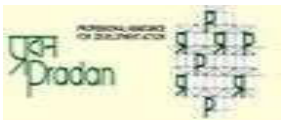




Total Number of NGOs in India	3.3 million
Rural Based	53%
Urban Based	47%










List of Agriculture NGOs

21



Name of NGOs	
	Nanndi Foundation
	ASA (Action For Social Development)
	PRADAN (Professional Assistance for Development Action)
	SRIJAN (Self-Reliant Initiative through Joint Action)
	ISAP (India Society of Agri-Business Professionals)
	CARD (Centre for Advanced Research and Development)
	Aga Khan Foundation (India)



	D H A N Foundation (Development of Humane Action)
	G R E E N P E A C E
	D i g i t a l G R E E N
	A F C I N D I A L I M I T E D
	I F F C O F O U N D A T I O N
	G V T (Gramin Vikas Trust)
	C O H E S I O N F O U N D A T I O N T R U S T



Analytical frameworks for the rural development programme of NGOs

Aspect

Points considered

A) planning

1. Goals
2. Objectives
3. Resource acquisition
4. Market scope
5. Coalition building

Encompassing all living situation of rural people
 Specific to land and land based activities
 1. Locally available 2. External
 1. Locally market 2. Internal 3. External
 Village institutions, other NGOs research institutes

B) Implementation

- Planning
 Monitoring and review
 Leadership
 Motivational reward
 People selection

Bottom up approach
 Close supervision
 Local cosmopolite
 Incentives to village institution
 Resource poor as beneficiaries



- ▶ **Use of ATMA funds**
- ▶ Funds released by ministry under various schemes
- ▶ Collaboration with **institutions-IARI VO linkage model, DAESI training by MANAGE, establishment of KVK (BIRDS,BAIF)**
- ▶ Using CSR funds for rural development
- ▶ Use of various extension methodologies for transfer of technologies- PRA, Farmer to Farmer extension, *krishi melas, demonstrations*
- ▶ ***Adoption of villages***
- ▶ ***Research and development***



Yerala project society, sangli

<p>Agriculture :</p>	<ul style="list-style-type: none"> • Sapling Service • Demonstrations • Technical Support • Seed & Fertilizer Service • Marketing of Agro produce • Sub Soil Irrigation
<p>Horticulture :</p>	<ul style="list-style-type: none"> • Sapling Service • Demonstrations • Technical Support • Marketing of Horticultural produce • Promotion of Intercropping technique • Fruit Processing
<p>Sericulture :</p>	<ul style="list-style-type: none"> • Support to rural youth in Silk reeling
<p>Vermi culture :</p>	<ul style="list-style-type: none"> • Demonstration • Extension
<p>Women's Activities :</p>	<ul style="list-style-type: none"> • Establishment of women's Industrial co-operative • Establishment of women's Poultry farming co-operative • Establishment of women's Credit co-operative • SHGs • Employment generation through Electronic assembly work • Income generating through stitching and hand weaving



Animal Husbandry :	Support to rural youth in dairy farming Processing of Milk Distribution of Mulch Animal Goat farming training Goat Bank Demonstration of Goat farming Extension of Goat Farming Free Vetererian Services Poultry farming Youth training in Poultry farming Marketing of Poultry Produce
Trainings :	Training in Electrical & Electronic appliances maint. Repairs & Maint. Of water lifting machines. Computer training Tailoring & Embroidery Training Beauty Parlour Training Agriculture School for young farmers. Training to youth in life skills.



National sample survey organization (NSSO) conducts surveys in India on various level and subjects about Indian economy. Its reports on conducted surveys had published in rounds form. In this paper, I am writing down my finding on consumption pattern of rural families in India by studying NSSO round 50 (1993-94), 52(1995-96), 60(2003-04), 61(2004-2005), 63(2006-07), 64(2007-08) and round 68 (2011-12) to 2018-19 on consumption data in rural India

Indian rural consumption pattern. The food basket has 13 articles (named cereals, gram, cereal substances, pulses & products, milk & products, edible, oil, meat, egg, fish, vegetables, fruits and nuts, sugar, salt, spices, beverages etc.) in it. These are used mostly by the rural families. And it represents the Indian rural family budget.



Literacy rates

- Literacy rate among persons of age 7 years and above in India was 75%. In rural areas, literacy rate was 71% compared to 86% in urban areas.
- Differences in literacy rate among persons of age 7 years and above was observed with male literacy rate being substantially higher (83%) than female literacy rate (67%).
- Adult literacy (age 15 years and above) rate in India was around 71%. For adults also, literacy rate in rural areas was lower than that in urban areas. In rural areas, adult literacy rate was 64% as compared to 84% in urban areas.

Accessibility of nearest primary, upper primary and secondary school

- No significant difference between rural and urban India existed in terms of distance for physical access to primary schooling. In both rural and urban areas, nearly 99% households reported availability of primary school within 2 kms from the house.
- For accessing educational institutions providing higher level of learning, say upper primary or secondary, a lower proportion of households in rural areas compared to the households in urban areas reported existence of such facilities within 2 kms.

THANK YOU

Module 4

Module 4

- Trends in Agricultural Marketing
- Agricultural products
- Agro processing sector in India — State and characteristics
- Food processing sector — Size, scope and future prospects
- Defects in Agricultural Marketing

SECTORAL SHARES



Differences in marketing agricultural and manufactured products

- Perish ability of product
- Seasonality of production
- Bulkiness of Products
- Variation in Quality of Products
- Irregular Supply of Agricultural products
- Small Size of Holdings and scattered Production.
- Processing



Importance of agricultural marketing

- Optimization of Resource use and Output Management
- Increase in Farm Income
- Widening of Markets
- Growth of Agro-based Industries
- Price Signals
- Adoption and Spread of New Technology
- Employment Creation
- Addition to National Income
- Better Living



Agricultural output

- Agriculture, forestry and fishing contributes 17.3% to GDP.
- More than 70% of people depend on agriculture
- Dependence on industrial sector-Machines, seeds, pesticides, insecticides ,Packing materials.



- Dependence on service sector- credit, transport, insurance, training and marketing
- Leads to the growth of processed food industry
- Low value addition-High foreign exchange earnings through export



Trends in Agricultural Marketing

What is Agriculture Marketing?

Agricultural marketing covers the services involved in moving an agricultural product from the farm to the consumer. Numerous interconnected activities are involved in doing this, such as planning production, growing and harvesting, grading, packing, transport, storage, agro- and food processing, distribution, advertising and sale.



Reasons for Going Agriculture Marketing

:

- (1) The agricultural produce sector has been one of the most important components of the Indian economy.
- (2) The increasing trend of agricultural production has brought, in its wake, new challenges



- To benefit the farming community from the new global market access opportunities, the internal agricultural marketing system in the country needs to be integrated and strengthened.



AGRICULTURAL PRODUCTS

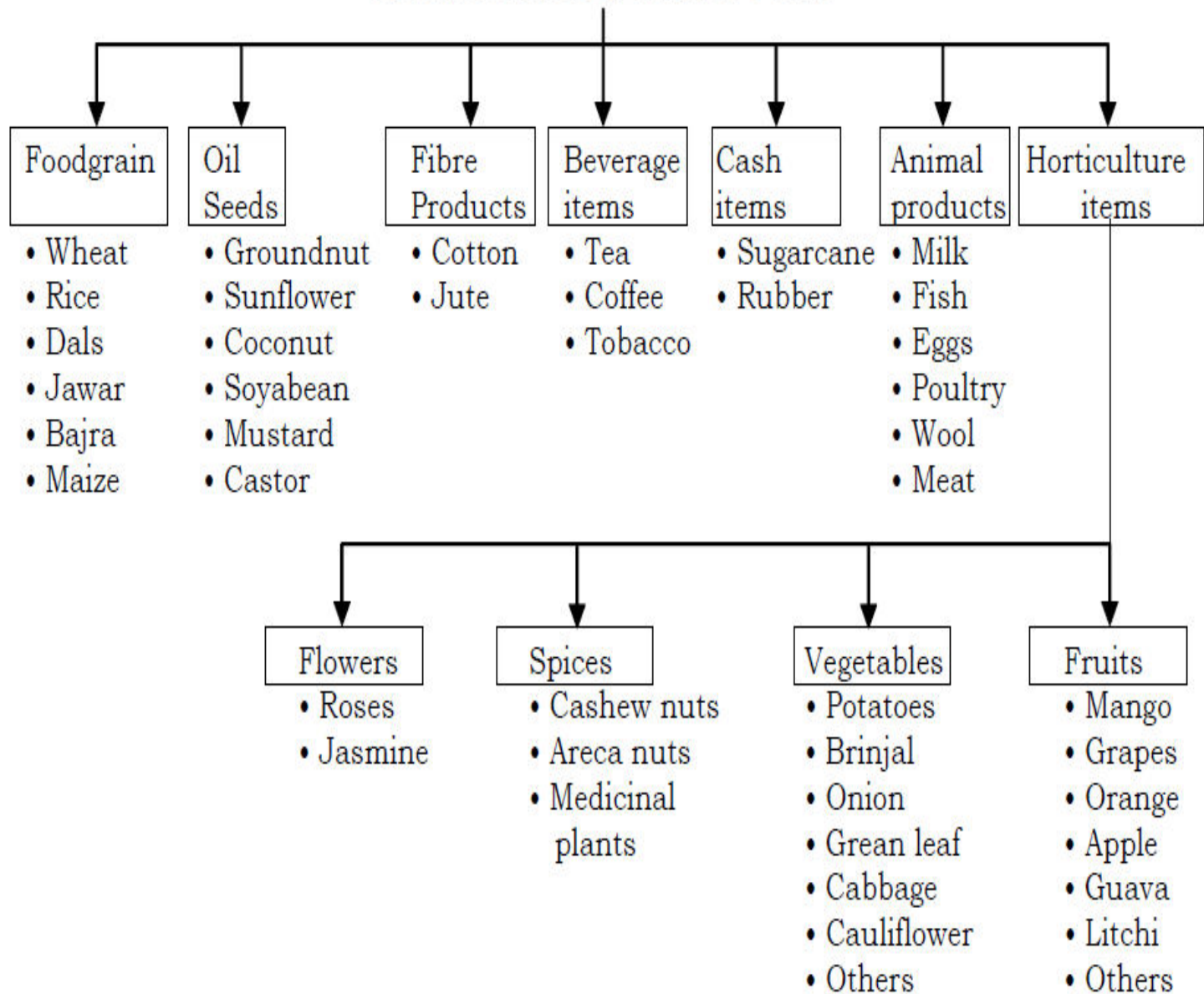


Table 2. Present level of production of different types of food commodities and their estimates of post-harvest losses

Type of food commodity	Present level of production			Post-harvest losses		
	Quantity (Mt)	Average price (Rs/t)	Value (Rs. in Crore)	%*	Quantity (Mt)	Monetary value (Rs. in Crore)
1. Durables (cereals pulses, oilseeds, etc.)	230	10,000	230,000	10	23.0	23,000
2. Semi-perishables (potato, onion, sweet potato, tapioca etc.)	40	3,000	12,000	15	6.0	1,800
3. Perishables (fruits, vegetables, milk, meat, fish, eggs etc.)	210	15,000	315,000	20	42.0	63,000
Total/Average	480	11,604	557,000	14.8	71.0	87,800

* On a conservative scale

India's position in agri-products(mn tons)

AGRICULTURE

Product	Production	Rank in World
Wheat	71.8	12
Rice	93.08	2
Coarse grains	33.94	3
Oilseeds	20.80	3
Pulse	13.19	1
Tea	0.85	1
Sugarcane	300.10	2

HORTICULTURE

Fruits &Vegetables	84.60	2
Others	13.20	

LIVESTOCK

Milk	84.60	1
Egg	34.00	5
Fish	5.95	4

Value of wastages is at over Rs50,000 crore

Long supply chain and wastage increase cost	
Marketing Chain	Cost Increase
Small Farmer --> Village Consolidator	10%
Village Consolidator --> Commission Agent	8%
Commission Agent --> Wholesaler	10%
Wholsaler --> Sub-wholesaler	6%
Sub-wholesaler --> Retailer	25%
Retailer --> Consumer	10-11%
Total	70%

Long value chain leads to Cost differential between the mandi & the market price to 60-100%

Wastage accounts for significant portion of increase in trade value

Farmers to wholesalers	30-35%
Wastage	15-25%
Transportation	10-12%
Total	60-75%

Defects in Agricultural Marketing

- ❖ **Improper warehouse facilities**
- ❖ **Lack of proper grading and standardization facilities**
- ❖ **Lack of proper transport facilities**
- ❖ **Large number of middlemen**
- ❖ **Malpractices**
- ❖ **Inadequate market information**
- ❖ **Lack of technology**

New Perspective In Rural Market

India's growth trajectory is highly driven by the development of the rural clan. **Players in various industries such as retail, fast moving consumer goods (FMCG), consumer durables, automobiles et al, are looking towards the untapped potential hinterlands possess. The Indian consumer base is highly supported by the rural population (about 70 per cent of the country's population), which drives revenues for many major conglomerates operating in diverse markets in India. Key developments and investments pertaining to various sectors are discussed hereafter.**

Retail in Rural India

For many years, rural India was not much acknowledged by the retailers. But as the 'bottom of the pyramid' is getting empowered with education, higher purchasing power and awareness, companies are looking for opportunities in hinterlands. 'Aadhar', the Future Group and Godrej Agrovet's joint venture (JV) in agri-service-cum-rural retailing is undergoing a revamp, wherein the model will follow hub-n-spoke concept to drive higher profits for the company. DCM Shriram Consolidated Limited (DSCL), which operates 270 stores of Hariyali Kisaan Bazaar (one of the largest national rural retail chains of India), plans to open 20 more outlets by the end of 2011.

FMCG

Increasing levels of income in the hands of rural households, coupled with massive advertisements by the market players, would take rural FMCG market from current Rs 87,900 crore to a market size of over Rs 1,06,300 crore by 2012, according to an analysis carried out by a leading industry body. This entails a compounded annual growth rate (CAGR) of 10 per cent in totality for rural and semi-urban areas. Meanwhile, a recent study by global information and measurement company Nielsen has revealed that over 80 per cent of FMCG categories are growing faster in rural India as against urban India. FMCG players like HUL and ITC have already established their foothold in hinterlands. ITC's 'Chaupal Sagar' offers huge variety of FMCG products in villages while HUL expects contribution of rural markets to grow from 40 per cent to 50 per cent in next 4-5 years in its

Internet Reach in Rural Areas

According to a new research study, titled 'Internet in Rural India', by Internet and Mobile Association of India (IAMAI) and IMRB International, total number of active internet users in rural areas is projected to rise by 98 percent to touch 24 million by December 2011 from 12.1 million in December 2010.

E-Rural India - Government Initiatives

The Ministry of Rural Development is presently implementing schemes like the Pradhan Mantri Gram Sadak Yojana, Indira Awas Yojana, Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in various states with an annual outlay of around Rs 1,00,000 crore. Also, the World Bank has agreed to help Indian government by approving US\$ 1 billion credit for National Rural Livelihoods Project (NRLP), under newly launched National Rural Livelihoods Mission (NRLM).

Services

Hindustan Unilever Ltd (HUL), which targets to have a million outlets in rural areas by 2011-end, has initiated a project named 'Gateway to Rural: Beyond FMCG'. In a bid to penetrate deeper into rural India in a cost effective manner, the company is in talks with telecom firms, banks and financial services companies to create a joint distribution model to cover India's 6.38 lakh villages. Pilot project initiated with India's largest bank, the State Bank of India (SBI) in Maharashtra and Karnataka, has shown amazing results with the help of HUL's Shakti Ammas. They have doubled up as customer service providers and opened around 1,000 accounts for the rural clan. If this exercise proves viable, HUL would roll out the plan across the country by 2012.

Similarly, the world's largest bicycle maker Hero Cycles has initiated discussions with insurance companies to provide health cover to its rural customers as a part of its poor-emancipation program.

Moreover, as part of its new rural dealership scheme, State-run SAIL will appoint more than 1,000 dealers in rural India by March 2012. The initiative is aimed at deeper penetration of the company's branded products in villages.

New Perspective in Agriculture Marketing

The purpose of regulation of agricultural markets was to protect farmers from the exploitation of intermediaries and traders and also to ensure better prices and timely payment for his produce. Over a period of time these markets have, however, acquired the status of restrictive and monopolistic markets, providing no help in direct and free marketing, organized retailing, and smooth raw material supplies to agro – processing, competitive trading, information exchange and adoption of innovative marketing systems and technologies. Farmer cannot sell his produce directly in bulk except on retail basis to the consumers. Farmers have to bring their produce to the Market yard. Exporters, processors and retail chain operators cannot get desired quality and quantity of produce for their business due to restrictions on direct marketing. The processor cannot buy the produce at the processing plant or at the warehouse. The produce is required to be transported from the farm to the market yard and then only it can be purchased and taken to the plant. There is thus an enormous increase in the cost of marketing and the farmer end up getting a low price for his produce.

Agro processing sector characteristics

Agricultural products are products that are obtained from agriculture. They include:

- Food Grains
- Fruits and Vegetables
- oil
- Tea and coffee
- Seeds etc..

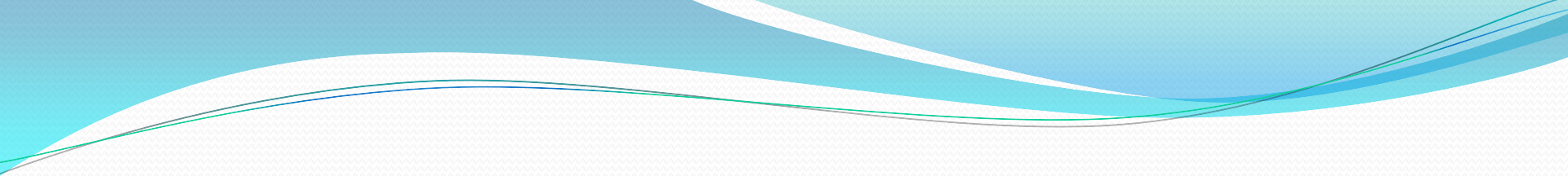
The following are the characteristics of agricultural products

- ✓ They are bulky and difficult to transport in nature
- ✓ They are perishable in nature
- ✓ They require special storage due to their bulky and perishable nature
- ✓ Some of the agricultural products are seasonal in nature. For exp.. Strawberries
- ✓ They are available in different varieties, sizes etc. Which makes it difficult to grade them
- ✓ They tend to have an inelastic demand and supply

Agro processing sector in India

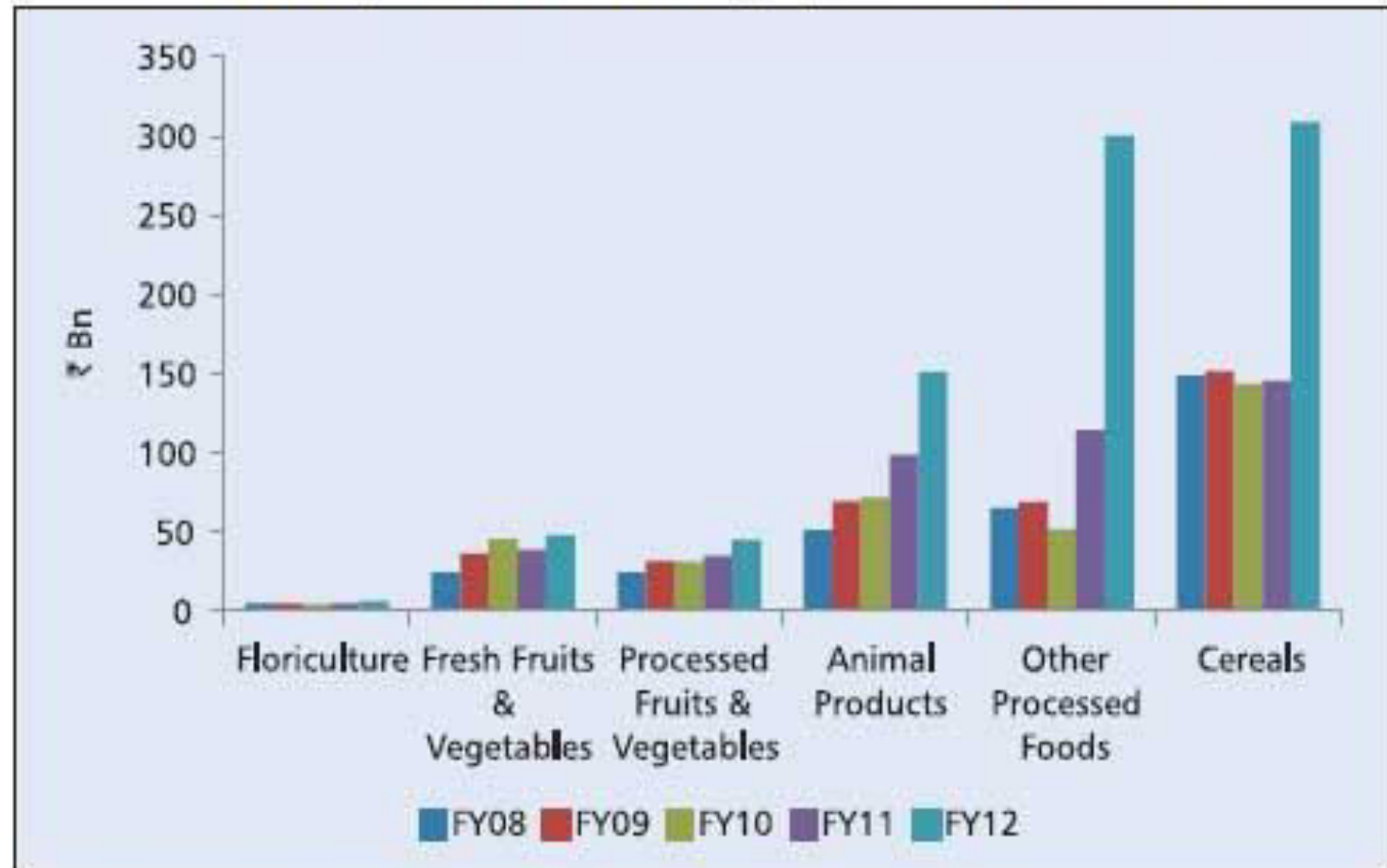
Agro processing could be defined as set of techno economic activities carried out for conservation and handling of agricultural produce and to make it usable as food, feed, fibre, fuel or industrial raw material. Hence, the scope of the agro-processing industry encompasses all operations from the stage of harvest till the material reaches the end users in the desired form, packaging, quantity, quality and price.

Ancient Indian scriptures contain vivid account of the post harvest and processing practices for preservation and processing of agricultural produce for food and medicinal uses. Inadequate attention to the agro-processing sector in the past put both the producer and the consumer at a disadvantage and it also hurt the economy of the Country.



Agro-processing is now regarded as the sunrise sector of the Indian economy in view of its large potential for growth and likely socio economic impact specifically on employment and income generation. Some estimates suggest that in developed countries, **up to 14 per cent of the total work force is engaged in agro-processing sector directly or indirectly.** However, in India, **only about 3 per cent of the work force finds employment in this sector** revealing its underdeveloped state and vast untapped potential for employment. Properly developed, agro-processing sector can make India a major player at the global level for marketing and supply of processed food, feed and a wide range of other plant and animal products.

Trend in exports of food and agro products: FY08 to FY12



Source: APEDA

FOOD PARKS



Packaging Centre



Modernised Abattoirs



Value Added Centres



Top 10 agricultural companies in India-

Company	ABT Industries
Company	Raasi Seeds
Company	DuPont
Company	National Agro Industries
Company	Poabs Organic
Company	Phalada Agro Research Foundation
Company	Advanta
Company	Rallis
Company	Monsanto
Company	Heinz

Table 3. Recent trends in agro processing technologies

S.No.	Crop/ Item	Recent products, processes, trends and technologies
1.	Rice	Fully automatic modern rice mills Partially cooked/quick cooking rice Breakfast cereals and value-added products Attractive packaging and branding
2.	Wheat	Fully automatic roller flour mills Whole bran wheat flour Fortified wheat flour Attractive packaging and branding Large number of baked products Automatic chapatti making machines
3.	Maize	Corn flour-packaged and branded Corn flakes and value-added products including ready-to-eat snacks (salted & sweetened) Starch material, corn oil with specific consumer desired attributes Cattle feed Baby corn Large, automatic corn processing plants
4.	Coarse Cereals	Value-added products including breakfast foods & extruded fortified tasty products Industrial raw materials
5.	Pulses	Automatic processing units for pulses with driers, colour sorters and packaging unit Attractive consumer packaging with branding Cold storing of processed pulses Snack foods and other value added products
6.	Soybean	Production of full fat soy flour/enzyme active soy flour for bakery and fortified foods Ready-to-eat snack foods

Food processing sector - Size, scope and future prospects

The food processing sector is critical to India's development, for it establishes a vital linkage and synergy between the two pillars of the economy— Industry and Agriculture. India is the world's second largest producer of food and holds the potential to acquire the numerous status with sustained efforts. The enormous growth potential of this sector can be understood from the fact that food production in the country is expected to double in the next 10 years, while the consumption of value-added food products will also correspondingly grow. The growth of this industry will bring immense benefits to the economy, raising agricultural yields, enhancing productivity, creating employment and raising life-standards of a large number of people across the country, especially those in rural areas.

The liberalisation of the Indian economy and world trade and rising consumer prosperity has thrown up new opportunities for diversification in the food-processing sector and opened new vistas for growth. A recent study has revealed that there is tremendous potential in India to build a profitable business in the sector. This industry ranks fifth in the country and employs 16 lakh workers, comprising 19% of the country's industrial labour force. It accounts for 14% of the total industry output with 5.5% of the GDP. Its turnover is estimated at Rs.1,44,000 crore, of which Rs.1,11,200 crore is in the unorganised sector. The industry has started producing many new items like ready-to-eat food, beverages, processed and frozen fruit and vegetable products, marine and meat products, etc. The Indian consumer is being fast introduced to newer high quality food products made by using the latest state-of-the-art technology, that is also giving the industry a competitive edge.

1.	Rank of Industry	5 th
2.	Employment in lakhs	16
3.	% of total Industrial Labour Force	19
4.	Total Industry Output in percentage	14
5.	Output as % of GDP	5.5
6.	Estimated Turnover (rupees in crores)	1,44,000
7.	Unorganised Sector (rupees in crores)	1,11,200

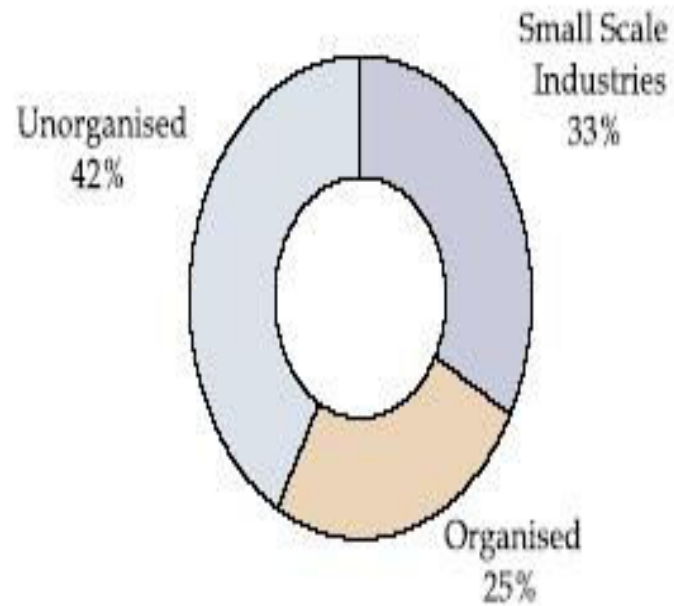
Rate of growth of output of some processed food products (in %)

	FY08	FY09	FY10	FY11	FY12*
Sugar	15.2	(33.9)	(6.0)	30.2	38.3
Fruit pulp	87.0	(2.0)	5.0	35.1	30.4
Fruit juices	20.9	41.0	46.6	16.8	26.0
Cashew kernels	8.4	(4.2)	(0.9)	(7.9)	22.2
Instant food mixes	30.8	19.4	20.8	10.6	17.9
Mineral water	29.4	6.9	28.3	19.9	15.4
Chocolate	8.9	24.2	11.3	13.7	13.3
Malted foods	8.5	(36.8)	(8.8)	8.4	6.4
Butter	4.8	3.4	(22.7)	(4.7)	0.1
Biscuits	(0.9)	29.2	10.4	(1.4)	(1.6)
Frozen meat	(12.9)	76.8	27.4	(21.8)	(1.7)

Source: Economic survey 2011-12

Note: * Apr-Dec

Structure of the Indian Food Processing Industry



Source: FAIDA/Ministry of Food Processing Industries

(i) Fruits and Vegetables:- Horticultural crops in India are currently grown on 12 million hectares representing 7% of the country's total cropped area. Annual horticultural production is estimated at 100 million metric tonnes, which is over 18% of India's gross agricultural output. India is the third largest producer of fruits after Brazil and the United States, while its vegetable production is exceeded only by China. Mango, Banana, Citrus fruits, Guava and Apple account for 75–80%

(ii) Meat and Poultry:- *Meat Processing: India has the world's largest livestock population, accounting for 50% of buffaloes and 1/6th of the goat population.* Such a large population represents a challenge to retain existing productivity traits by application of modern science and technology. Rigorous efforts are being made to improve the condition of livestock by providing basic infrastructure and latest technology.

FAO has estimated the existing production of meat and poultry products at 4.42 million tonnes. Only 11% of the buffalo population, 6% of cattle, 33% of sheep and 38% of the goat population is culled for meat.

(iii) Milk and Milk Products

India has the largest livestock population with milch cows and buffaloes being its main constituent. India is the world's largest milk producer (72 million tonnes annually) and the dairy industry has been recognised the world over as its most successful development programme.

Going by FAO estimates, while world milk production fell by 2% in the last three years, the Indian production galloped by 4%. While **consumption of liquid milk accounts for 46% of the total production, the rest is converted into milk products.** Of this, the share of the organised sector is less than 10%. The products manufactured by the organised sector are ghee, butter, cheese, ice creams, milk powders, malted milk food, condensed milk, infant foods, etc. The products also include casein, lactose and dairy whiteners.

The value of Indian dairy produce is expected to rise from Rs.2,88,000 million in 1999 to Rs.10,00,000 million by 2005. In the last six years, investment in this sector has been to the tune of Rs.16,000 million with foreign investment of Rs.3,600 million.

(iv) Consumer Products

This comprises product groups like confectionery, chocolates, cocoa products, soya-based products, ready-to-eat foods, mineral water, high protein food setc. This sector has attracted a whopping investment of Rs. 1,28,000 million, including foreign investment of Rs.50,000 million, since liberalisation.

Soft drinks enjoy the biggest share in this. The Indian soft drinks' market is worth Rs.22,000 million a year. Statistically, this implies three bottles per Indian. Cola, orange and lemon are some of the accepted tastes in India. It is estimated that 65% prefer non-carbonated drinks. Lemon drinks continue to be very popular in the country.

(v) Alcoholic Beverages

Liquor made in India is categorised as beer, country liquor and Indian Made Foreign Liquor (IMFL). Country liquor is made from a variety of raw materials and has different names in different parts of the country.

IMFL production comprises wine, vodka, whisky, gin, rum, brandy, etc. Pre-mixed drinks like gin and lime, rum and cola are being introduced in India now. Draught beer is another recent introduction and has done well where introduced. Canned beer is also a recent introduction.

There are 36 breweries with a licensed capacity of 160 million litres per annum. Current production is over 300 million litres. In all, Rs. 11,000 million including Rs. 7,000 million of foreign investment, has been made in this sector in the last six years.

(vi) Fisheries and Sea Food

India boasts of the seventh largest marine landing base in the world with an extensive 7,500 km coastline and an Exclusive Economic Zone (EEZ) of 2 million sq km, largely untapped, and a 29,000 km stretch of rivers and canals, 145 million hectares of reservoirs and 0.75 million hectares of tanks and ponds. Though India's fish potential from the EEZ has been estimated at 3.9 million tonnes, the harvest is only of 2.87 million tonnes. This can be increased to 3.37 million tonnes by intense tapping in offshore and deep-sea grounds using modern technology. There is also a good scope to improve fish harvest from inland waters which, at present is 2.7 million tonnes. Besides, the fish potential in aquaculture and shrimp farming has also largely remained untapped.

(vii) Grain Processing

The country's current food grain production (including rice, jowar, bajra, maize, ragi, wheat, barley, gram and pulses) has been put at 225 million tonnes a year. Food processing industries play a crucial role in reducing post-harvest losses. Since most operations of this industry are rural based, it has the potential to generate high employment at low investment. Promotion of food processing also helps in energy conservation by reducing energy wastages in home cooking.

Grain processing, with a share of 40%, is the biggest component of the food sector. Its basic feature is pre-dominance of the primary processing sector, sharing 96% of the total value, with the secondary and tertiary sectors adding about 4%. This area needs to be viewed as a high growth potential area.

(viii) Plantation

Tea, coffee, cashew, cocoa, etc. are the country's major plantation crops, which are grown in different parts for they require specific agro-climatic conditions.

India's principal plantation crops account for around 5 to 6% of the country's aggregate export earnings. Production and domestic consumption of major plantation crops have increased considerably during the last three decades.

The kind of units, which have come up, include:

- **Fruit and Vegetable** – Beverages, Juices, Concentrates, Pulps, Slices, Frozen & Dehydrated products, Wine, Potato wafers/chips etc.
- **Fisheries** – Frozen and canned products mainly in fresh form
- **Meat and Poultry** – Frozen and packed mainly in fresh form, egg powder (only a couple of units)
- **Milk and Dairy** – Whole milk powder, Skimmed milk powder, Condensed milk, Ice cream, Butter and Ghee
- **Grain and Cereals** – Flour, Bakeries, Biscuits, Starch, Glucose, Cornflakes, Malted foods, Vermicelli, Pasta foods, Beer and Malt extracts, Grain-based Alcohol
- **Consumer Industry** – Chocolates, Confectionary, Soft/Aerated Beverages/Drinks

What is consumerism

Organized-efforts by individuals, groups, and governments to help protect consumers from policies and practices that infringe consumer rights to fair business practices.

Why rural people need credit and finance?

1. Insufficiency:

“In spite of expansion of rural credit structure, the volume of rural credit in the country is still insufficient as compared to its growing requirement arising out of increase in prices of agricultural inputs.”

2. Inadequate Amount of Sanction:

“The amount of loan sanctioned to the farmers by the agencies is also very much inadequate for meeting their different aspects of agricultural operations. Considering the amount of loan sanctioned as inadequate and insignificant, the farmers often divert such loan for unproductive purposes and thereby dilute the very purpose of such loan.”

3. Lesser Attention of Poor Farmers:

“Rural credit agencies and its schemes have failed to meet the needs of the small and marginal farmers. Thus, lesser attention has been given on the credit needs of the needy farmers whereas the comparatively well-to-do farmers are getting more attention from the credit agencies for their better credit worthiness.”

Growing Over-dues:

“The problem of over-dues in agricultural credit continues to be an area of concern. The recovery of agricultural advances to various institutions is also not at all satisfactory. In 1997-98, the recovery of agricultural advances of commercial banks, cooperative banks and regional rural banks were 63 per cent, 66 per cent and 57 per cent respectively. Such growing over-dues has also been resulted from poor repaying capacity of farmers. As a result of that, the credit agencies are becoming wary of granting loan to farmers.”

Inadequate Institutional Coverage:

“In India, the institutional credit arrangement continues to be inadequate as compared to its growing needs. The development of co-operative credit institutions like Primary agricultural credit societies, land development banks, commercial banks and regional rural banks, have failed to cover the entire rural farmers of the country.”

Red Tapism:

“Institutional agricultural-credit is subjected to redtapism. Credit institutions are still adopting cumbersome rules and formalities for advancing loan to farmers which ultimately force the farmers to depend more on costly non-institutional sources of credit.”

NBFCs (Non Banking Financial Companies) play an important role in promoting inclusive growth in the country, by catering to the diverse financial needs of bank excluded customers. Further, NBFCs often take lead role in providing innovative financial services to Micro, Small, and Medium Enterprises (MSMEs) most suitable to their business requirements. NBFCs do play a critical role in participating in the development of an economy by providing a fillip to transportation, employment generation, wealth creation, bank credit in rural segments and to support financially weaker sections of the society. Emergency services like financial assistance and guidance is also provided to the customers in the matters pertaining to insurance.

BFCs aid economic development in the following ways

Mobilization of Resources - It converts savings into investments

Capital Formation - Aids to increase capital stock of a company

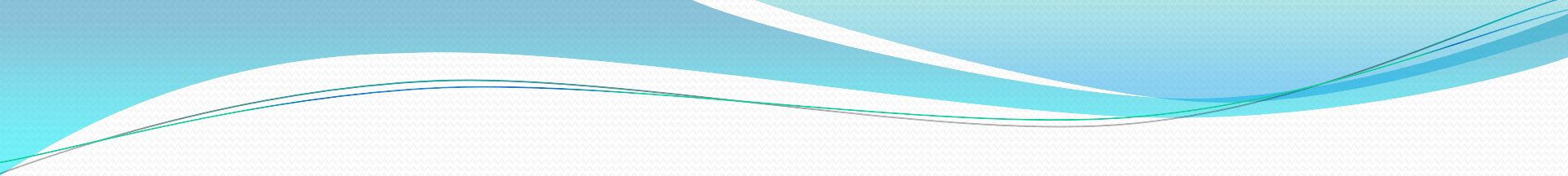
Provision of Long-term Credit and specialised Credit

Aid in Employment Generation

Help in development of Financial Markets

Helps in Attracting Foreign Grants

Helps in Breaking Vicious Circle of Poverty by serving as government's instrument

- 
- Classification of markets
 - Regulated markets — role and problems
 - APMC act, Future scenarios
 - Methods of sales of agricultural products — Hatha, E'choupal Dara, auction, Agents and Marketing Agencies
 - Commodity markets and trading,

Classification of markets

1. On the basis of location

- a) Village markets
- b) Primary markets
- c) Secondary wholesale markets
- d) Terminal markets
- e) Seaboard markets

2. On the basis of area/coverage

- a) Local or village markets
- b) Regional markets
- c) National markets
- d) World markets

3. On the basis of volumes of transactions

- a) Wholesale markets
- b) Retail markets

4. On the basis of degree of competition
 - a) **perfect markets**
 - b) **Imperfect market**
5. On the basis of nature of commodities
 - a) **Commodity market**
 - b) **Capital Market**
6. On the basis of stage of market
 - a) **Producing Market**
 - b) **Consuming markets**
7. On the basis of extent of public intervention
 - a) **Regulated markets**
 - b) **Unregulated market**
8. On the basis of population served
 - a) **Urban market**
 - b) **Rural market**

CLASSIFICATION OF MARKETS:

□ Markets may be classified on the basis of each of the twelve dimensions mentioned below.

□ **1. On the basis of Location:**

□ On the basis of the place of location or operation, markets are of the following types:

□ a) **Village Markets:** A market which is located in a small village, where major transactions take place among the buyers and sellers of a village is called a village market.

□ b) **Primary wholesale Markets:** These markets are located in **big towns near the centers of production of agricultural commodities**. In these markets, a major part of the produce is brought for sale by the producer-farmers themselves. Transactions in these markets usually take place between the **farmers and traders**.

Secondary wholesale Markets: These markets are located generally in district headquarters or important trade centers or near railway junctions. The major transactions in commodities take place between the village traders and wholesalers.

Terminal Markets: A terminal market is one where the produce is either **finally disposed** of to the consumers or processors, or assembled for export.

Merchants are well organized and use modern methods of marketing.

Seaboard Markets: Markets which are located near the seashore and are meant mainly for the import and/or export of goods are known as seaboard markets. Examples of these markets in India are Bombay, Madras, Calcutta.

On the Basis of Area/Coverage:

☐ On the basis of the area from which buyers and sellers usually come for transactions, markets may be classified into the following four classes:

☐ a) **Local or Village Markets:** A market in which the buying and selling activities are confined among the buyers and sellers drawn from the same village or nearby villages. The village markets exist mostly for perishable commodities in small lots, e.g., local milk market or vegetable market.

☐ b) **Regional Markets:** A market in which buyers and sellers for a commodity are drawn from a larger area than the local markets. Regional markets in India usually exist for food grains.

☐ c) **National Markets:** A market in which buyers and sellers are at the national level. National markets are found for durable goods like jute and tea.

On the Basis of Time Span:

On this basis, markets are of the following types:

□ a) **Short-period Markets:** The markets which are held only for a few hours are called short-period markets. The products dealt within these markets are of highly perishable nature, such as **fish, fresh vegetables, and liquid milk**. In these markets, the prices of commodities are governed mainly by the **extent of demand for, rather than by the supply of, the commodity**.

□ b) **Long-period Markets:** These markets are held for a long period than the short-period markets. The commodities traded in these markets are less perishable and can be stored for some time; these are **food grains and oilseeds**. **The prices are governed both by the supply and demand forces**.

Secular Markets: These are markets of permanent nature. The commodities traded in these markets are durable in nature and can be stored for many years.

Examples are markets for machinery and manufactured goods.

On the Basis of Volume of Transactions:

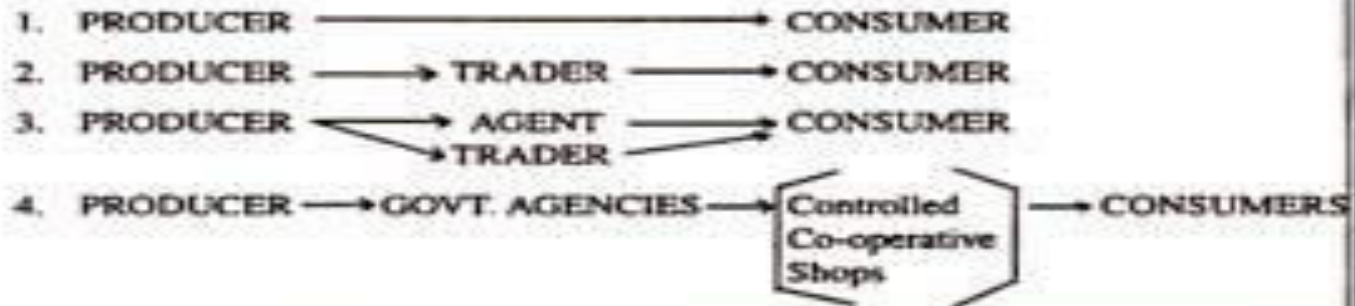
- There are two types of markets on the basis of volume of transactions at a time.
- a) **Wholesale Markets:** A wholesale market is one in which commodities are bought and sold in large lots or in bulk. Transactions in these markets take place mainly between traders.
- b) **Retail Markets:** A retail market is one in which commodities are bought by and sold to the consumers as per their requirements. Transactions in these markets take place between **retailers and consumers**. The retailers purchase in wholesale market and sell in small lots to the consumers. **These markets are very near to the consumers.**

On the Basis of Nature of Transactions:

- The markets which are based on the types of transactions in which people are engaged are of two types:
- a) **Spot or Cash Markets:** A market in which goods are exchanged for money immediately after the sale is called the spot or cash market.
- b) **Forward Markets:** A market in which the purchase and sale of a commodity takes place at time „t“ but the exchange of the commodity takes place on some specified date in future i.e., time $t + 1$. Sometimes even on the specified date in the future ($t+1$), there may not be any exchange of the commodity. Instead, the differences in the purchase and sale prices are paid or taken.

Figure 5.2
Process of Agricultural Marketing

(A) IN NON-REGULATED MARKETS

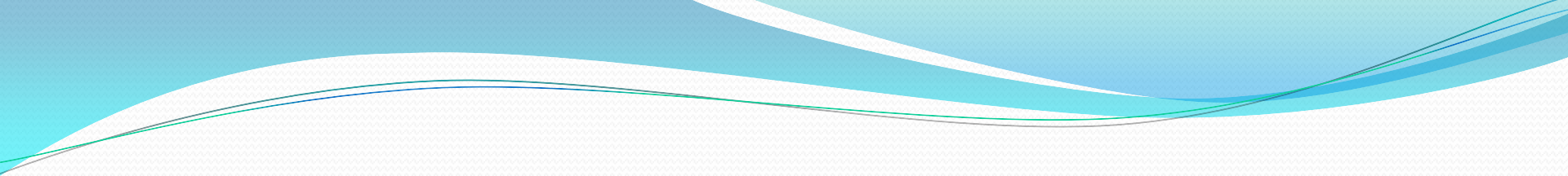


(B) IN REGULATED MARKETS



Regulated markets — role and problems

A regulated market is one which aims at the elimination of the unhealthy and corrupt practices, reducing marketing charges and providing facilities to producer-sellers in the market. Any legislative measure designed to regulate the marketing of agricultural produce in order to establish, improve and enforce standard marketing practices and charges may be termed as one which aims at the establishment of regulated markets.



Government organized marketing of agriculture in the country through the network of regulated markets established under the provisions of the Agricultural Produce Market Act enacted by the states and union territories. As on 31/3/2011 the markets covered under regulation is 7177. In addition there are 27924 rural periodical markets or hats. About 15 % of these in markets have been brought under the ambit of the regulation.

Objectives

1. To prevent the exploitation of farmers by overcoming the handicaps in the marketing of their products
2. To make the marketing system most effective and efficient so that farmers may get better prices for their produce, the goods are made available to consumers at reasonable prices
3. To provide incentive prices to farmers for inducing them to increase the production both in quantitative and qualitative terms
4. To promote an orderly marketing of agricultural produce by improving the infrastructural facilities

Important Features Of Regulated Markets

1. Market area
2. Principal assembling market
3. Sub-market yard
4. Market yard
5. Method of sale
6. Weighment of produce
7. Grading of produce
8. Market news service
9. Market charges
10. Payment of value
11. Licensing of market functionaries
12. Supervision

Problems of regulated markets

- A. Small farmers that have limited bargaining power
- B. Basic amenities such as proper roads, lighting, loading and unloading facilities are unavailable in many regulated markets
- C. Too many intermediaries that eat all the profit of the farmers
- D. Lack of cold storage facilities
- E. No proper grading and standardization facilities
- F. Limited access to market information
- G. A high amount of market fee
- H. No proper resting room facilities

Methods of sales of agricultural products

- ❖ **Hatha** :- Hatha is a method of sale of agricultural products. It is also known as the 'under cover' method in which various farmers twist or clasp the fingers of the selling agent under a cover in order to state their respective prices for their produce and the selling agent finally selects the one with the highest quotation.
- ❖ **E.'choupal**
- ❖ **Dara** :- Dara is a method of sale of agricultural produce in which heaps of agricultural produce of different qualities are kept and sold at flat rates. This method is disadvantageous as the farmers get the same prices irrespective of the quality of produce which demotivates them to produce good quality products.
- ❖ **Open Auction System**:- Open auction system is another method of sale of agriculture produce in which the selling agent invites the buyers to bid for the produce and the produce is sold to the highest bidder.

- ❖ **Moghum Sale Method:-** Under this method a verbal understanding is created between the buyer and the seller without any pre-settlement of price but on an understanding of the likely price at which the purchaser would be willing to purchase and the seller willing to make the sale. It is generally the price prevailing in the market as on that day.
- ❖ **Private Negotiations:-** Individual buyers visit the commission agents and quote their prices according to the sample for which the commission agent decides whether to sell the produce or not. Commission agents and buyers negotiate on the prices before the purchase

- ❖ **Through various agents and marketing agencies:-** Farmers may sell their produce to certain commission agents, brokers etc. Who take care of selling the produce to the ultimate customers. The various agents that act as middleman are..
- **Beopairs:-** Beopairs are people who have small establishments in the villages and provide credit loans to the farmers. They take the purchase of the farmer when the farmers are unable to repay the loans and sell the collected produce in the nearby market or retain it for sale at a later date in the village itself
- **Arahatias:-** These are nothing but commission agents that act for the sellers and the farmers and receive a commission for the sales made by them

Why do imitated products enter rural market easily?

- ❖ Lack of knowledge among rural consumers
- ❖ Low level of promotion and advertisement
- ❖ Low standard of living
- ❖ Low purchasing power
- ❖ Lack of awareness and consciousness

Marketing channels

- Meaning: Farmers producing agricultural produce are scattered in remote villages while consumers are in semi-urban and urban areas. This produce has to reach consumers for its final use and consumption. There are different agencies and functionaries through which this produce passes and reaches the consumer. A market channel or channel of distribution is therefore defined as a path traced in the direct or indirect transfer of title of a product as it moves from a producer to an ultimate consumer or industrial user. Thus, a channel of distribution of a product is the route taken by the ownership of goods as they move from the producer to the consumer or industrial user.

Factors affecting channels

- Perishable nature of produce .e.g. fruits, vegetables, flowers, milk, meat, etc.
- Bulk and weight–cotton, fodders are bulky but light in weight.
- Storage facilities.
- Weak or strong marketing agency.
- Distance between producer and consumer. Whether local market or distant market.

- Channels of rice:
- Producer–miller->consumer (village sale)
- Producer–miller->retailer–consumer (local sale)
- Producer–wholesaler->miller–retailer–consumer
- Producer–miller–cum-wholesaler-retailer-consumer
- Producer–village merchant–miller–retailer–consumer
- Producer–govt. procurement–miller–retailer–consumer

- Channel of other foodgrains:
- Producer – consumer (village sale)
- Producer–village merchant–consumer (local sale)
- Producer–wholesaler-cum-commission agent retailer–consumer
- Producer–primary wholesaler–secondary wholesaler–retailer– Consumer
- Producer–Primary wholesaler–miller–consumer (Bakers).
- Producer->govt.procurement–retailer–consumer.
- Producer–government–miller–retailer–consumer.

- Channels of cotton:
- Producer–village merchant–wholesaler or ginning factory–wholesaler –textile mill (consumer)
- Producer–Primary wholesaler–ginning factory–secondary wholesaler–consumer (Textile mill)
- Producer– Trader– ginning factory– wholesaler – consumer (Textile mill)
- Producer–govt. agency–ginning factory–consumer (Textile mill).
- Producer–Trader–ginning factory–wholesaler–retailer–consumer (non-textile use).

- 
- Channels of Vegetables:
 - Producers–consumer (village sale)
 - Producer–retailer–consumer (local sale)
 - Producer–Trader–commission agent–retailer–consumer.
 - Producer–commission agent–retailer–consumer
 - Producer–primary wholesaler–secondary wholesaler–retailer– consumer (distant market).

- Channels of Fruits:
- Producer–consumer (village sale)
- Producer–Trader–consumer (local sale)
- Producer–pre-harvest contractor–retailer–consumer
- Producer–commission agent–retailer–consumer.
- Producer–pre-harvest contractor–commission agent–retailer–consumer
- Producer–commission agent–secondary wholesaler–retailer–consumer (distant market).



RAM

MODULE 5

JAGADEESH BABU MK



Agricultural And Processed Food Products Export Development Authority - APEDA

Role of APEDA

&

Global Gap



APEDA

The Agricultural and Processed Food Products Export Development Authority (APEDA)

was established by the Government of India under the Agricultural and Processed Food Products Export Development Authority Act passed by the Parliament in December, 1985.





PRODUCTS MONITORED

APEDA is mandated with the responsibility of export promotion and development of the following scheduled products:

Fruits, Vegetables and their Products.

Meat and Meat Products.

Poultry and Poultry Products.

Dairy Products.

Confectionery, Biscuits and Bakery Products.

Honey, Jaggery and Sugar Products.

Cocoa and its products, chocolates of all kinds.





Role of APEDA

- Financial support
- Undertake market surveys and feasibility studies
- Development of industries relating to scheduled products
- Registration of person as exporters
- Fixing standards and specification
- Improving of packaging
- Improving of marketing
- Promotion of export-oriented production and development
- Improving infrastructural facilities



GLOBALGAP



- **WHAT IS GLOBALGAP ?**

GLOBALGAP is an equal partnership of agricultural producers and retailer

- *It sets out voluntary standards for the certification of agricultural Product around the globe*
- 1. Practical manual for GAP anywhere in the world
- 2. Pre farm-gate standard – from farm inputs to all farm activities till the produce leaves the farm
-
-





Origin of GLOBALGAP EUREPGAP now GLOBALGAP

Started in 1997 by
European Retailers

Reaction to growing concerns
of the consumers towards
Food Safety & Quality

Concerns and commitments of
wide range of stakeholders about
Environmental Sustainability of
Agriculture

- EUREPGAP became
GLOBALGAP in 2007.





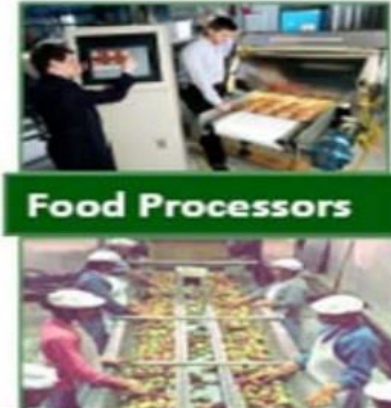
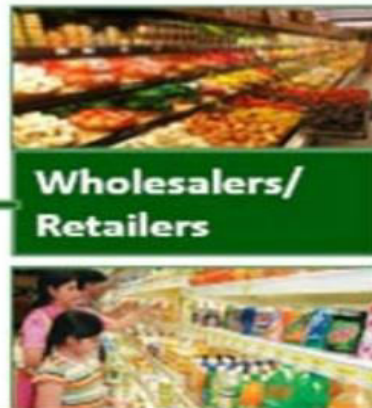
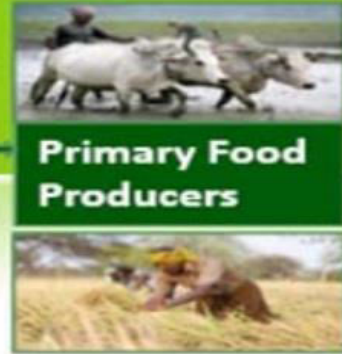
CERTIFIED PRODUCERS WORLDWIDE

Country	Nr. of Certified Producers				
Argentina	1059	Ethiopia	11	Malaysia	19
Armenia	1	Faroe Isl.	6	Mali	232
Australia	94	France	3006	Malta	16
Austria	2362	Gambia	1	Martinique	50
Belarus	1	Germany	8717	Mexico	98
Belgium	3357	Ghana	871	Moldova	6
Belize	17	Greece	11817	Morocco	399
Bosnia/Herzegovina	100	Guadeloupe	33	Mozambique	2
Brazil	578	Guatemala	164	Namibia	14
Bulgaria	9	Guinea	41	Netherlands	5584
Burkina Faso	148	Honduras	14	Netherlands Antilles	1
Cameroon	13	Hungary	1462	New Zealand	1678
Canada	50	India	1989	Nicaragua	2
Chile	2302	Indonesia	5	Norway	44
China	318	Iran	1	Oman	1
Colombia	559	Ireland	24	Pakistan	176
Costa Rica	296	Israel	1438	Palestinian Territories	149
Côte d'Ivoire	194	Italy	19327	Panama	31
Croatia	85	Jamaica	3	Paraguay	50
Cyprus	1021	Japan	94	Peru	1185
Czech Republic	85	Jordan	16	Philippines	5
Denmark	79	Kenya	318	Poland	994
Dominica	6	Korea (South)	46	Portugal	375
Dominican Republic	759	Latvia	1	Puerto Rico	3
Ecuador	635	Lebanon	2	Romania	48
Egypt	359	Macao	2	Saint Lucia	5
		Macedonia	15	Saint Vincent/Grenadines	53
		Madagascar	188	Saudi Arabia	2
				Senegal	101
				Serbia/Montenegro	36
				Slovakia	18
				Slovenia	13
				South Africa	1882
				Spain	19184
				Sri Lanka	23
				Suriname	1
				Swaziland	4
				Sweden	17
				Switzerland	52
				Syria	5
				Taiwan	33
				Tanzania	74
				Thailand	597
				Tunisia	234
				Turkey	3988
				Uganda	39
				Ukraine	1
				United Kingdom	49
				United States	387
				Uruguay	43
				Venezuela	1
				Vietnam	147
				Zambia	3
				Zimbabwe	14
				TOTAL	102267

Food Chain



Focus on Food Chain Concept – “Farm to Plate”



It is necessary to ensure food safety and quality through out the Food Chain by implementing Recognised Good Agricultural, Manufacturing, Storage, Transportation & Distribution Practices. Any dilution in any of the activities within the Food Chain can effect Food Safety, Quality and Sale of the products.



GLOBALGAP's PRIMARY PURPOSE

Primarily designed **TO REASSURE CONSUMERS** about how food is produced on the farm by

1. Minimising detrimental environmental impacts of farming operations

2. Reducing the use of chemical inputs

and

3. Ensuring responsible approach to worker health, safety and animal welfare



COOPERATIVE MARKETING

DEFINITION : 1,According to the reserve bank of INDIA,"A cooperative marketing society is an association of cultivators formed primarily for the purpose of helping the members to market their produce more profitably than possible through the private trade."

2.According to Margaret Digby ,"Cooperative marketing is the system by which a group of framers or market gardeners join together to carry on some or all the processes involved in bringing goods from the producer to the consumer."



FUNCTIONS OF COOPERATIVE MARKETING



- **1 Fair Price**
- **2 Avoid Malpractices**
- **3 Provide Credit Facilities**
- **4 Provide Scientific Storage**
- **5 Market Information**
- **6 Better Bargaining Power**
- **7 Export The Produce**
- **8 Transport Facilities**
- **9 Supply Of Inputs**





IMPORTANCE OF COOPERATIVE MARKETING

- **1 Credit Facilities**
- **2 Educative Value**
- **3 Bargaining Power**
- **4 Division Of Surplus**
- **5 Economies Of Scale**
- **6 Preserving Markets**
- **7 Access To Professional Assistance**





REASONS FOR SLOW PROGRESS OF COOPERATIVE SECTOR

- **1 Weak Economic Base**
- **2 Mismanagement And Manipulation**
- **3 Losses And Increasing NPAs**
- **4 Restricted Coverage**
- **5 Lack Of Awareness**
- **6 Corruption And Frauds**
- **7 Functional Weakness**





SUGGESTIONS FOR IMPROVEMENT OF COOPERATIVE MARKETING

- **1 Raise Share Capital**
- **2 Alter The Working Pattern**
- **3 Make Shop Attractive**
- **4 Be Professional**
- **5 Educate Them The Reality**



SUCCESSFUL CASES OF COOPERATIVES



- 1 AMUL
- 2 IFFCO
- 3 Adarsh Co-operative Bank Limited





ECONOMIES OF FRESH, CHILLED AND FROZEN PRODUCTS IN INDIA



FRESH PRODUCTS



FRUITS AND VEGETABLES

- India's diverse climate ensures availability of all variety of fruits and vegetables.
- India ranks 2nd in fruits and vegetables production in the world, after China.
- As per national horticulture survey (2019-20) India produce 81.285 & 162.19 million metric tones of fruits and vegetables.
- During 2019-20, India exported fruits worth Rs.2771.32 crores and vegetables worth Rs.4702.78 crores





- India is the largest producer of onions, ginger, cauliflowers among vegetables.
- Amongst fruits country ranks 1st in the production of mangoes, bananas, papayas.
- Major destinations for Indian fruits and vegetables are UAE, Bangladesh, UK, Nepal





FRESH ONIONS

- India is the 2nd largest onion growing country in the world.
- Indian onions has two crop cycles :
 1. starts harvesting from nov – jan
 2. starts harvest from Jan – may
- The major onion producing states are Maharashtra, Karnataka, MP, Gujarat and Bihar
- Maharashtra ranks 1st in the onion production with a share of 27.72%.

EXPORT ECONOMY

COUNTRY	2017-2018	
	QTY	VALUE(lakhs)
BANGLADESH	456734.50	77964.61
MALAYSIA	215194.39	41621.67

OTHER FRESH VEGETABLES



- India grows the largest number of vegetables from temperate to humid tropics.
- The major vegetables grown in India are potato, tomato, cauliflower, cabbage, bean, cucumber, onion, garlic.
- The major areas producing fresh vegetables are west Bengal, UP, Bihar, AP, MP, Gujarat
- The country has exported 835501.20 MT of fresh vegetables other than onion to the world for worth Rs.2402.21 CR in 2017-18
- Major destinations for Indian fresh vegetables are Pakistan, Nepal, UAE

EXPORT ECONOMY

COUNTRY	2017-18	
	QTY	VALUE
PAKISTAN	334641.17	71095.53
NEPAL	206799.91	39454.99

FRESH MANGOES



- Indian mangoes comes in various shapes, sizes and colors with a wide variety of flavor.
- In India mangoes are mainly grown in tropical and sub tropical region.
- Important commercial varieties are Banganapalli, Neelum and Totapuri.
- Major export destinations of mangoes are UAE, Saudi Arabia, kuwait

COUNTRY	2017-18	
	QTY	VALUE
UAE	29231.90	21497.52
SAUDI ARABIA	2171.49	1428.69

FRESH GRAPES



- Indian grapes comes in varied characteristics namely colored, white, seeded, unseeded, large, and the small berry's
- Major grape growing states are Maharashtra, Karnataka, AP, Tamil Nadu, Punjab etc..
- Grape is one of the important fruit covering an area of 11600 hectares occupying 1.70% of total area.
- Major destinations of grapes are Netherland, Russia, UK, UAE, Saudi Arabia.
- major other fresh fruits grown in India are apple, orange, banana, guava, sapata, water melon

EXPORT ECONOMY

COUNTRY	2018-19	
	QTY	VALUE
NETHERLAND	32859.42	36167.55
UK	13457.22	16028.69

FLORICULTURE



- Indian floriculture industry comprises of flowers such as rose, glads, anthurium, marry gold.
- India's total export of floriculture was Rs.460.75 CR in 2016-17
- Major importing country's were USA, Netherlands, Germany, UK, UAE, Japan and Canada.
- There are more than 300 export oriented units in India.
- Major areas of cultivation are Karnataka, AP, Tamil Nadu

COUNTRY	2018-19	
	QTY	VALUE
USA	5490.00	9813.61
UK	2557.24	5947.56



CHILLED PRODUCTS

- The major chilled products that exports from India are chilled fish, almond milk, aloodhum masala, almond butter. Among chilled fish shrimp, fin fish, cuttle fish, squid etc... are the main exports.
- West Bengal, Tamil Nadu, AP, Kerala, Karnataka (Mangalore) are the main contributors of chilled fish items.
- Other chilled sea foods are Crab, snapper, coral trout fish etc...

EXPORT ECONOMY

ITEM	2017-18	
	QTY (TONS)	VALUE (CR)
SHRIMP	357505.00	22468
FIN FISH	309434.00	3778.50
CUTTLE FISH	82353.00	1833.21



FROZEN PRODUCTS

- During 2017-18, India exported frozen food worth USD 6706414.
- Vietnam is the largest importer of frozen food followed by USA and China.
- Major frozen export products are ajwan paratha, tanthoor naan, pet food (frozen omasum), gulab jamun, frozen onion paratha, chappathi etc...
- Major ports from where frozen products are exported are Noida dadri, mundra,

ITEM	2019-20	
	QTY (KG)	VALUE (USD)
AJWAIN PARATHA	160.12	220.32
TANTHOORI NAAN	800.25	1480
PET FOOD	28 MTS	53700
GULAB JAMUM	200	730



Supply Chain Management in Agricultural Products





Supply Chain Management: A Concept



- The concept of supply chain management Agriculture is relatively new. This concept is widely used in industrial sector.
- It includes the all stages directly or indirectly involved in fulfilling the customer request.
- In includes all the functions of the product development, manufacturing, marketing, operations distribution, finance and customer service.
- It is the process of managing of these intermediaries and functions efficiently.





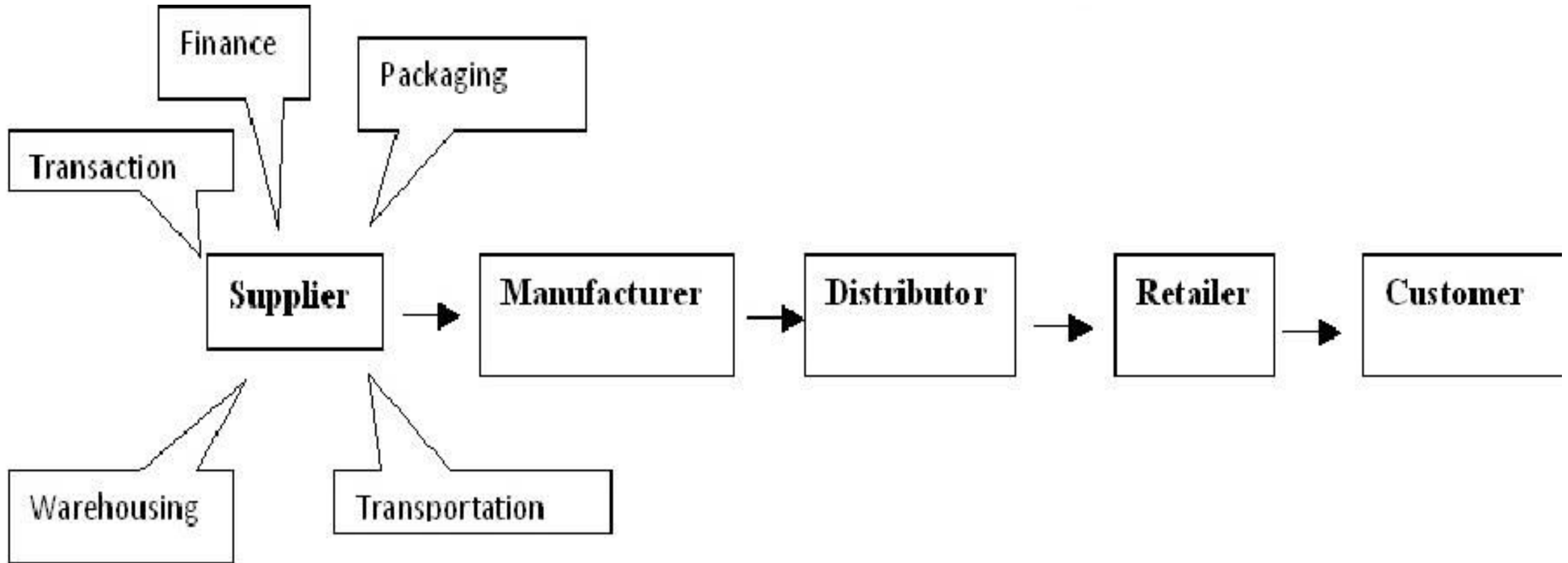
Need of Supply chain management

- Spatial and temporal distribution
- Demand shifts
- Sensitivity to market
- Health consciousness
- Cost consciousness
- Quality consciousness
- User Convenience





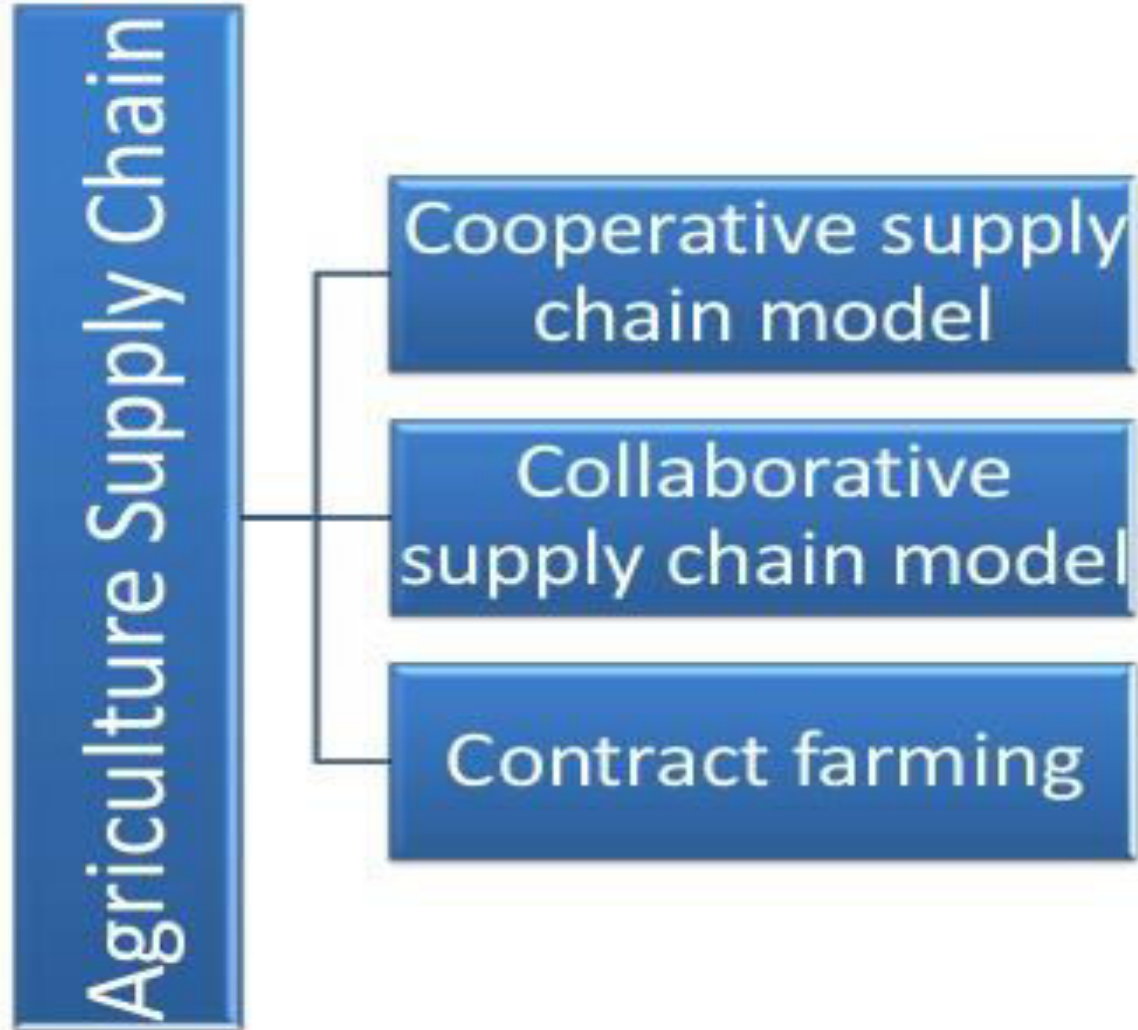
Supply Chain



Major players in Agriculture Supply Chain



Configurations Agriculture Supply Chain



1. Cooperative supply chain model



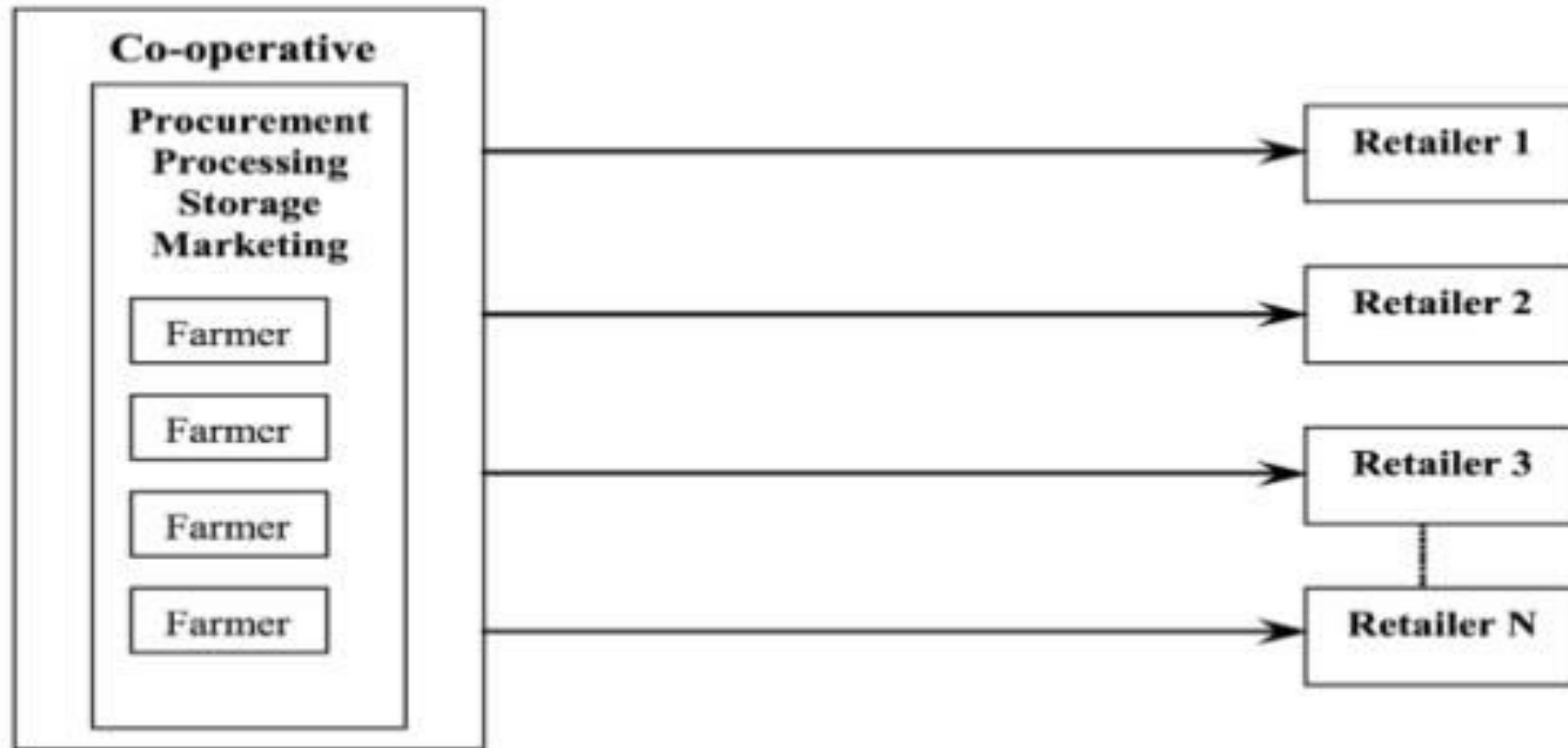
Example:

In some parts of India milk is collected and sold by cooperatives. The cooperative movement for milk was initiated by the National Dairy Development Board (NDDB) ([Chakravarty, 2000](#)).

Outcomes of milk cooperatives:

- The efficiency, transparency and fairness of the system have improved (www.digitaldividend.org/pdf/akashganga).
- The government's attitude towards the cooperative system is positive, especially after the success of the milk sector.

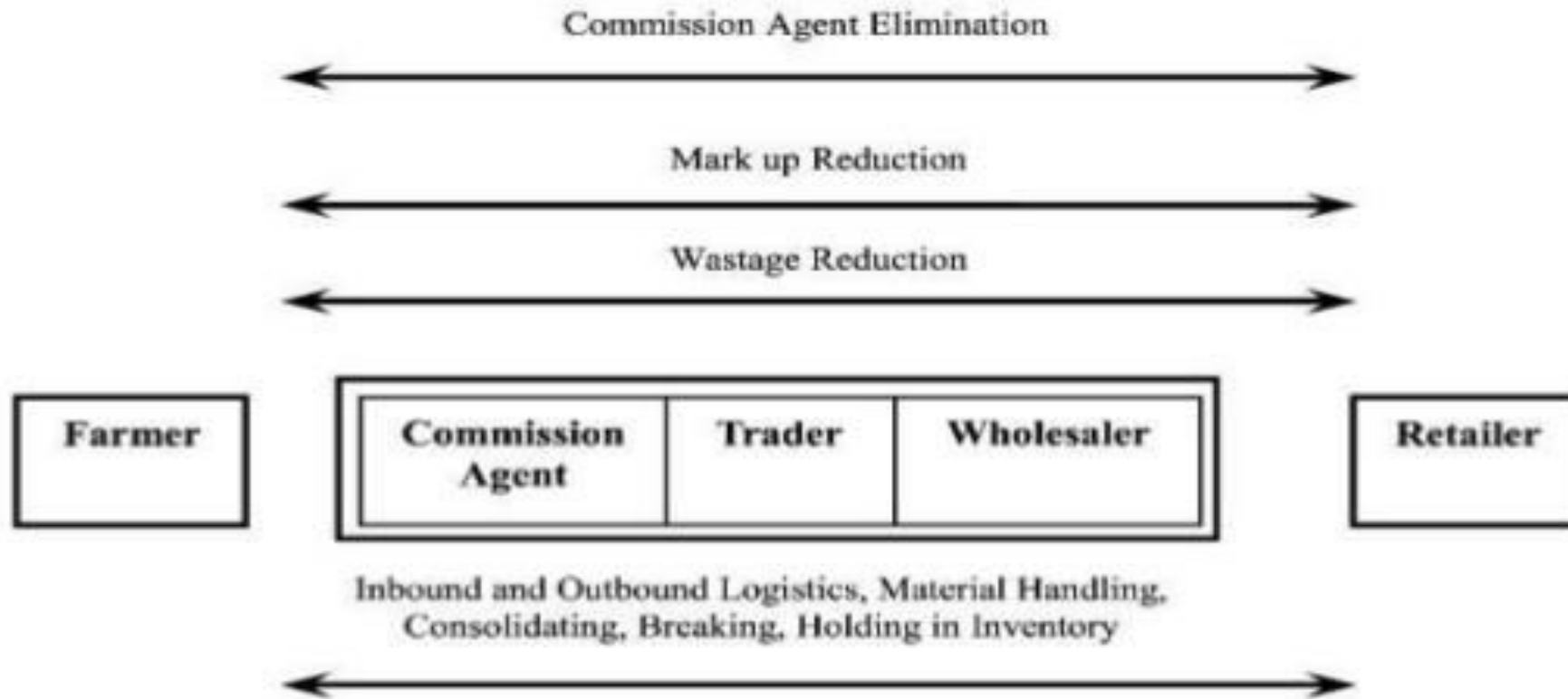
1. Cooperative supply chain model



2. Collaborative supply chain model



Third Party Managing the Chain



Example: Consumer durables and FMCG supply Chain

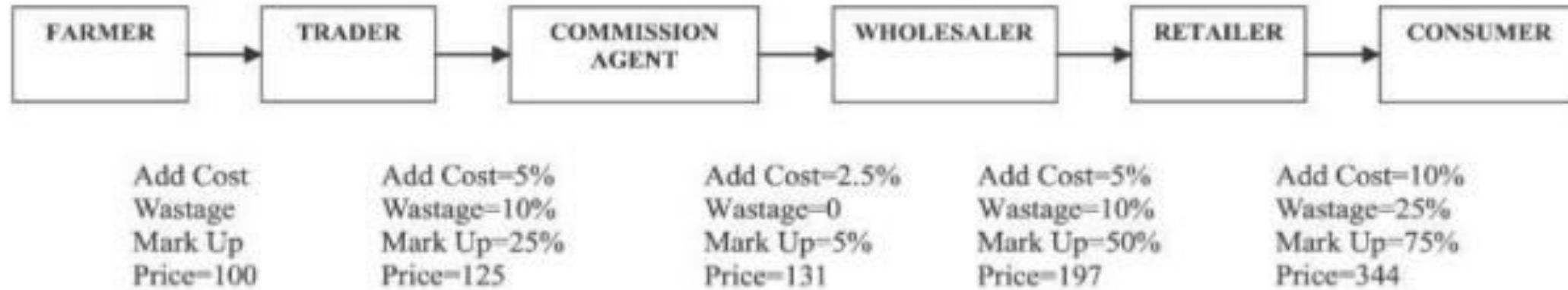
3. Contract farming



Advantages:

- This is helpful for farmers, since they get access to the inputs and the market at a fair price.
- Also, the processor gets an assured supply of raw material.

Estimated cost escalation in the Indian grain chain



Source: Investment Information and Credit Rating Agency (2001)

Figure clearly reflects the end consumer on average pays more than three times the farm gate price for grain.

Intermediaries in the grain supply chain and their margins and value additions



Intermediary in Indian grain chain	Margin added (per cent)	Principal value added	Comparable American intermediary
Small farmer	N/A	Production	Large farmer, cooperatives
Consolidator	10-15	Aggregation at village level	Wholesaler
Commission agent	10-15	Negotiating and demand supply matching	Wholesaler
Trader	10-15	Consolidation at district (AMPC) level	Wholesaler
Commission agent	10-15	Larger scale demand supply matching	Wholesaler
Wholesaler	25-30	Consolidation and reselling transaction to retailers	Wholesaler
Retailer	25-30	Sells to consumers	Retailer
Number of intermediaries	7-8		3-4

Source: Economic Times Intelligence Group (2003)

Reasons for the existence of intermediaries



- Age-old historical loyalty of farmers to their agents, because these agents provide debt to the farmer;
- Local understanding and relationships with transporters
- Lack of guidelines and rules in the development
- Organised cartels between commission agents, wholesalers and transporters;
- Lack of scale in terms of what each farmer produces, sheer numbers of small farmers drive down bargaining power
- Lack of effort in development from front-end players (retailers)

THANK YOU



RAM : MODULE 6

JAGADEESH BABU MK



- The Future of Rural Marketing, concept and working of contract farming in India. Suggestions and group discussions from students on the future of Rural Marketing in India. Case studies of Safal, Gherkin exports, and Poultry farming may be useful.



The future of rural marketing

Introduction

India is an agro-based economy and the growth of most of the other sectors of economy is driven by rural demand.

Urban market is reaching towards the saturation point, thus bringing in an urgent need to focus on rural development.

Moreover, more than 70% of India's population lives in villages and constitutes a big market for industry because of increasing disposal incomes and awareness level.





Retail and IT models

- India boast of a huge unorganized rural retailing system through the 4200 haats. However organized rural retailing has not taken deep roots in rural India .
- IT and connectivity impact the way business is done. Today with STD facility, the retailer can dial the town distributor instantly and fresh stocks would reach him in just a couple of days, because of better road connectivity.





Market research

- As the rural market develops in the next few years, more qualitative studies will be needed to understand the rural consumer, his lifestyle, aspirations and motivations.
- PRA is one of the tool used in the social sector which involves rural people in the research process and they enjoy sharing and analyzing about themselves.
- Quantitative studies on demand estimation, market shares, customer satisfaction will need to be undertaken in the rural market as well, as demand grows and rural India becomes more attractive for marketers.



കോമ്പയ്ക്ക
കോമ്പകായ്

Gherkins





AGROCORP

WE GROW OPPORTUNITIES
(An ISO 9001:2008 & 14001:2004 Certified Company)

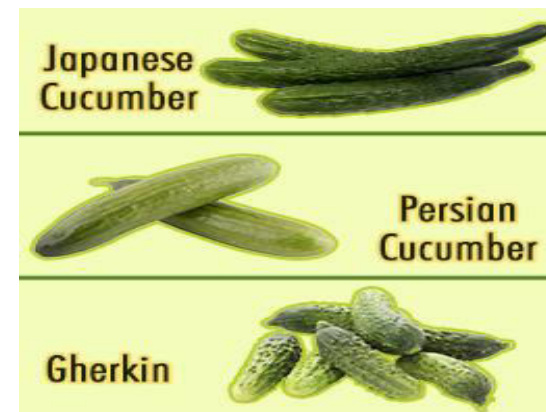


Gherkins are rich in nutrients providing many health benefits. Increase the intake of Gherkins and feel the difference .





- Gherkin is a term generally used to refer to a savory pickled cucumber
- They are usually picked when 4 to 8 cm (1 to 3 in) in length and pickled in jars or cans with vinegar
- India has today emerged as the origin of the finest gherkin cultivation, processing and exporters to the every-growing world requirement.

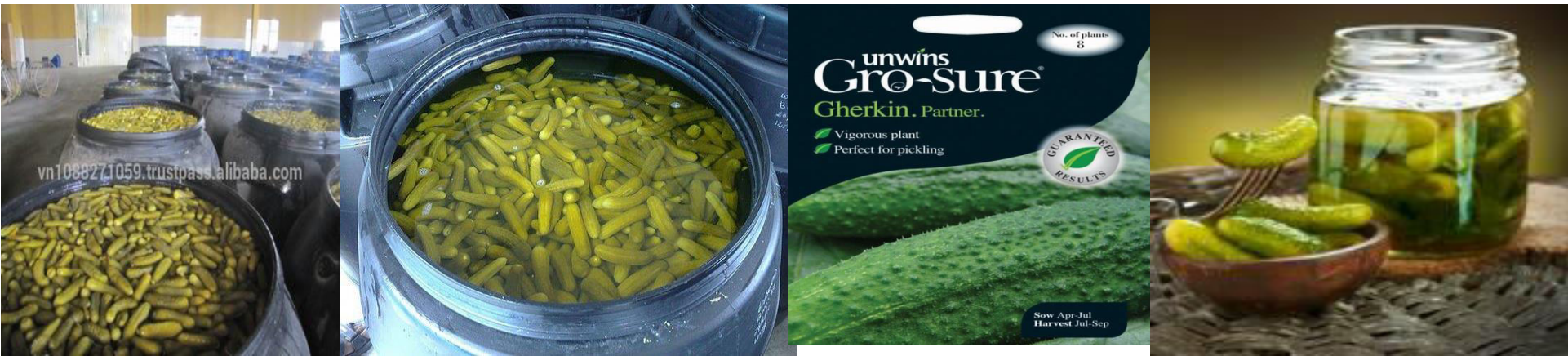


extended to



India exported 2,02,926.91 MT of Cucumber & Gherkins, worth Rs. 999.17 crores during 2015-16 with major destinations being USA, Russia, France, and Spain.

➤ Initially processed gherkins were exported in bulk packing and since 2001





कृषि और प्रसंस्कृत खाद्य उत्पाद निर्यात विकास प्राधिकरण

(वाणिज्य एवं उद्योग मंत्रालय, भारत सरकार)

Agricultural & Processed Food Products Export Development Authority

(Ministry of Commerce & Industry, Government of India)



- **The country has exported 2,02,926.91 MT of Cucumber & Gherkin to the world for the worth of Rs. 999.17 crores during the year 2015-16.**
- **Major Export Destinations (2015-16) : USA, Russia, Belgium, France and Spain during the period.**

Activities in processing unit





LOGIN

User Name

Password

[New User!!!](#)

[Forgot Password](#)

Login

Select Language ▼

Powered by  Translate

About us

Indian Gherkin Exporter's Association (IGEA) was established on 9 UI February 2000 at Bangalore with the following objectives

- To promote the training and cultivation of gherkins and all kinds of cucumbers in India
- To promote the welfare of and safeguard the interest of exporters of gherkins and other cucumber growers in India
- To encourage and develop the friendly co-operation, mutual understanding and good relation amongst farmers, traders and exporters engaged in business of growing or cultivating gherkins and cucumbers
- To provide information, comparative data or any other statistical information about the gherkin and cucumber industry in India

Advertisement

Space for Advertisement

INDIAN GHERKINS EXPORTERS ASSOCIATION GHERKIN COMPANIES IN INDIA AS ON 31.03.2016



Sl. No.	Name of the State	Association Members
1	KARNATAKA	30
2	TAMILNADU	12
3	ANDHRA PRADESH	2
4	MAHARASHTRA	1
6	TOTAL	45



Poultry Farming in India





Content

- ✓ Product
- ✓ Product use
- ✓ Verities in market
- ✓ Major use verities
- ✓ Estimation of current demand
- ✓ Estimation of future demand
- ✓ Present manufacture & suppliers
- ✓ Current price
- ✓ Scope of new business in market
- ✓ Govt. policy
- ✓ Import & export statistics

USE CHICKEN



Chinese



Hotel



Home kitchen



KFC, MacDonald, etc



Verities available in market



White leg horn



Giriraj



Kadaknath



Suvarndhara



Vanraj



assel



Major varieties (chicken)

White leg horn



- Live bird / kg
- 100/120

Vanraj



- Live bird / bird
- 300/350



- Meat / kg
- 160/180



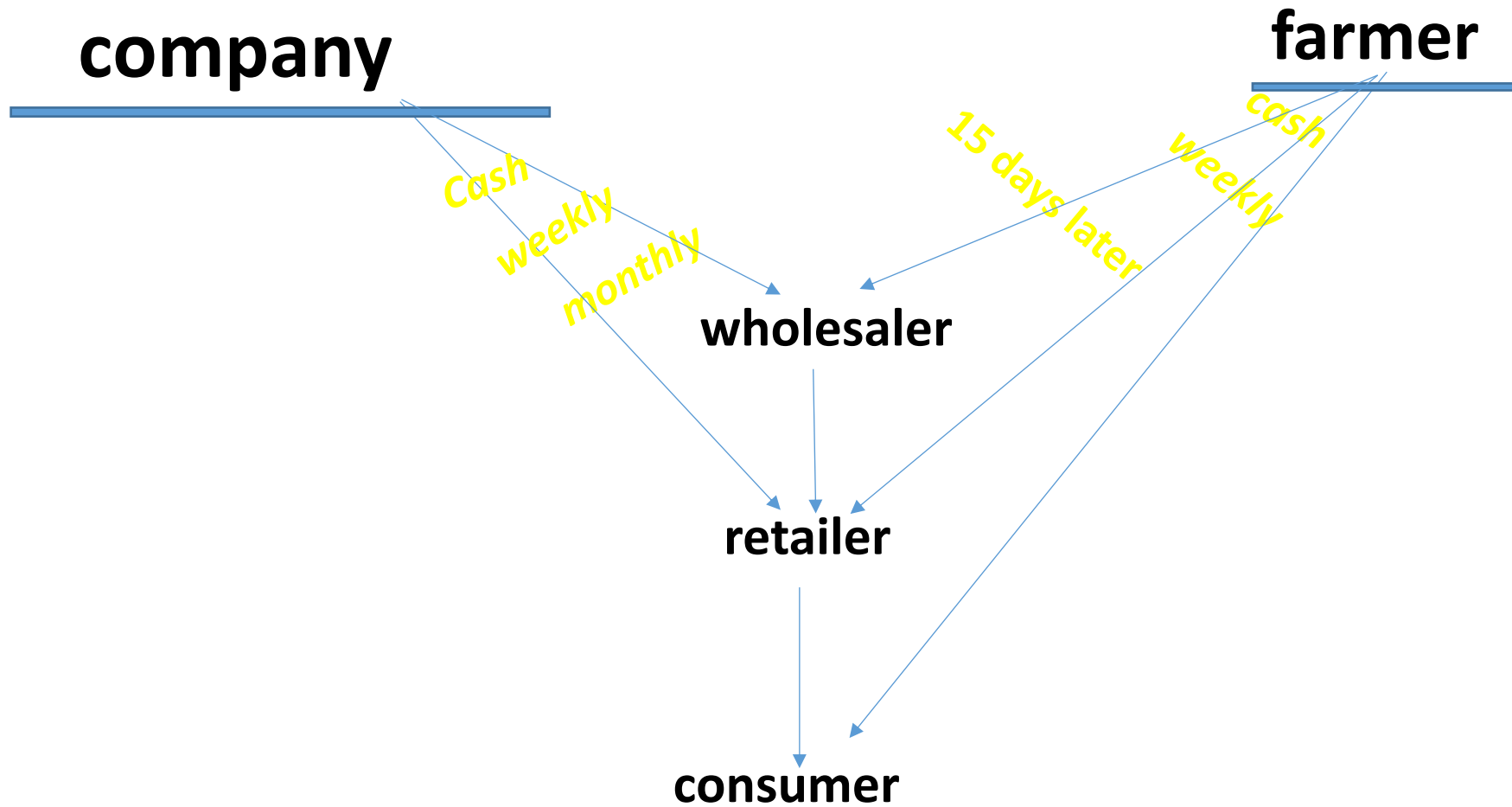
- Meat/ kg
- 250/300

Major Companies of Broiler.

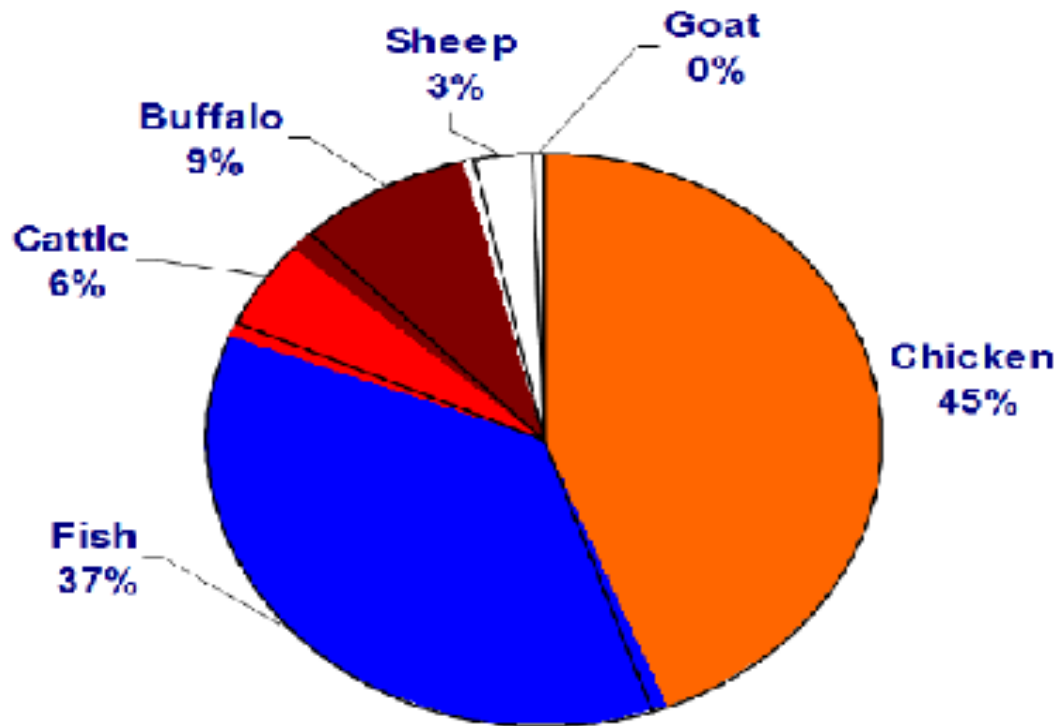
- *Venkateswara Group,*
- *Suguna Poultry Farms Ltd,*
- *Pioneer Poultry Group,*
- *Godrej Agrovvet Ltd,*
- *Sky Lark group,*
- *Anad AgroVET,*
- *Baramati poultry Group,*



Supply & mode of payment



Current demand/PRICE



- **Chicken** - 100/120
- **MUTTAN** - 380/400
- **FISH** - 300/350
- **SEA FOOD** - 550/850
- **BEEF** - 120/140

■ Chicken ■ Fish ■ Cattle ■ Buffalo □ Sheep □ Goat

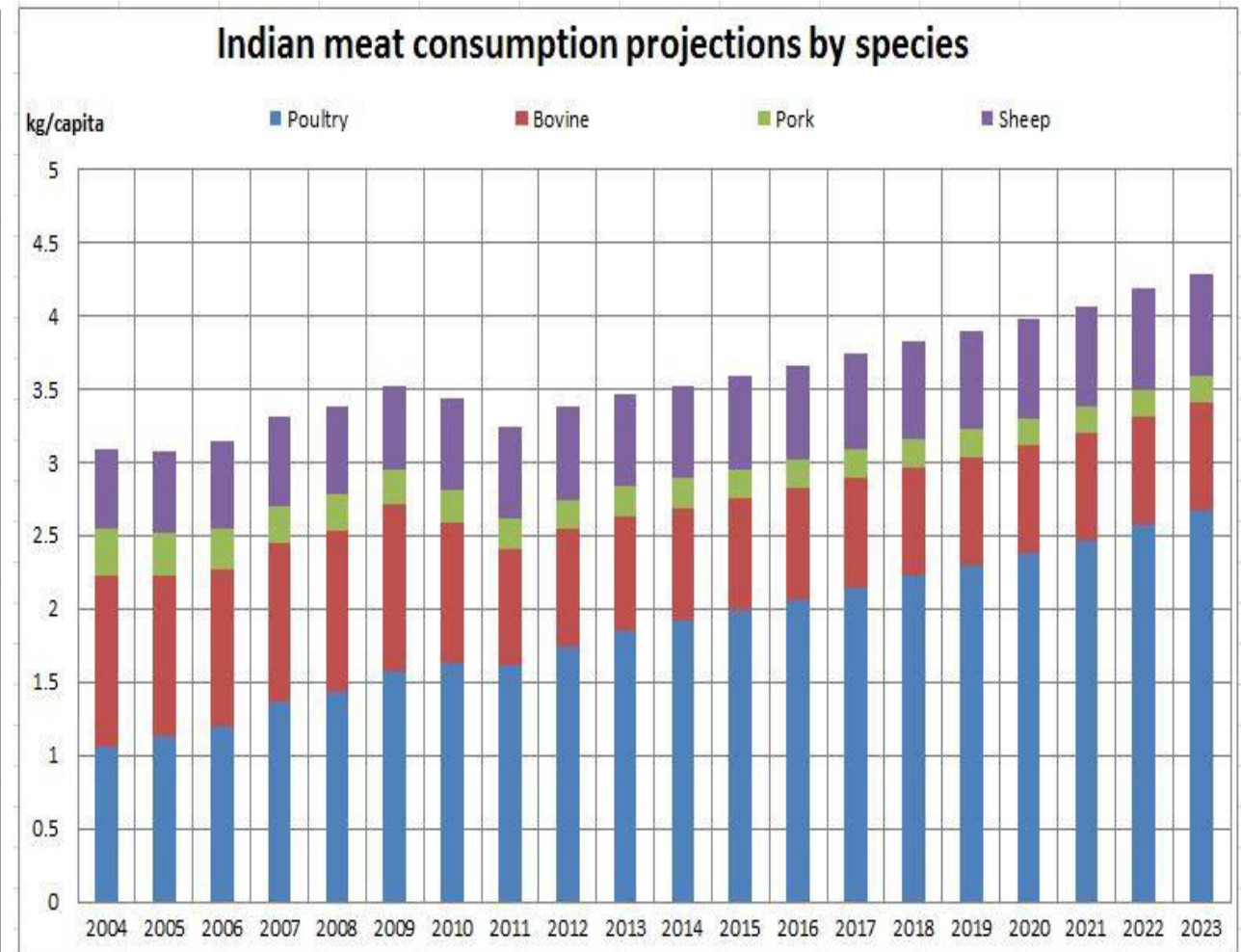
https://www.google.co.in/search?q=poultry+meat+consumption+in+india&espv=2&biw=1366&bih=623&source=lnms&tbn=isch&sa=X&ved=0CAcQ_AUoAmoVChMIh9XKmunPyAIVBQuOCh2kXgMr#imgrc=9y43I7T-wDG1wM%3A



Future demand

Proximate principles per 100 gm. Edible Portion

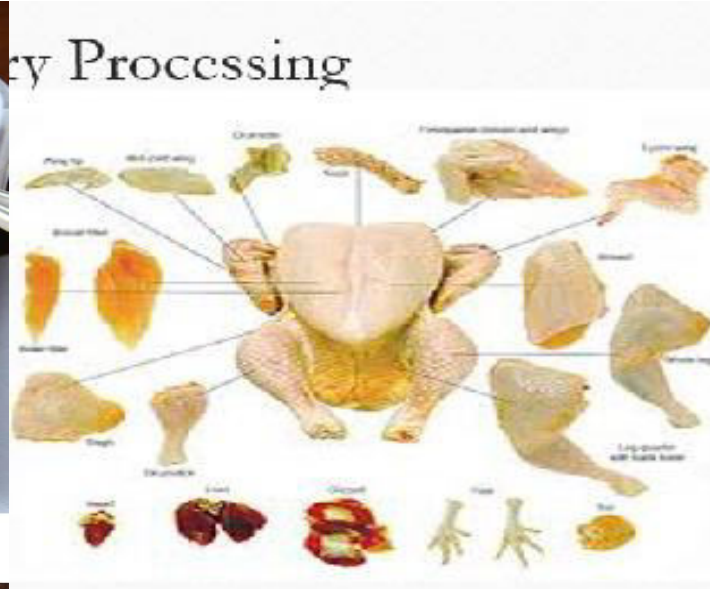
	Moisture	Protein	Fat	Minerals	Energy	Ca.	Ph.
	g	g	g	g	Kcal	m. g.	m. g.
Chicken	72.2	25.9	0.6	1.3	109	25	245
Beef	74.3	22.6	2.6	1.0	114	10	190
Goat Meat (Lean)	74.2	21.4	3.6	1.1	118	12	193
Mutton (Muscle)	71.5	18.5	13.3	1.3	194	150	150



Scope of new business



THE BEST CROCKPOT BBQ CHICKEN
packed for lunch!





*50% subsidy
project plant
by NABARD*

Bank finance

*50% subsidy
project plant by
NABARD*

Feed unit

Hatchery

Company

Contract farmer

Farmer

*Broiler segment of chicken
meat market*

Wholesaler

Retailer

Consumer

**Govt. policy &
supply chain**



Export Performance

- **The country has exported 5,56,698.80 MT of Poultry products to the world for the worth of Rs. 651.21 crores during the year 2014-15.**
- **Major Export Destinations (2014-15) :** Oman, Germany, Japan, Saudi Arabia and Indonesia.



Scope and Strengths

- **Indian Poultry Industry is booming and emerging as the world's 2nd largest market.**
- **3rd largest egg producer and 5th largest meat producer in india.**
- **Fast growing meat industry compared to others.**
- **Cheapest Source of animal protein which is affordable by masses.**
- **75% of non vegetarian food(egg and meat) consumption in india.**
- **Creates employment in rural india.**
- **Cost of Production is less as compared to other Countries in the world.**



References

➤ Scope: National Academy of Agricultural Research Management.

Link: www.indianmirror.com/indian-industries/poultry.html

Venkys.com, suguna.co.in., godrejagrotech.com, National Chicken Council, Apeda.com

Poultry journal-Khadki (pune)

➤ Nabard:-https://www.nabard.org/english/animal_layer2.aspx

Sajfal[®]



SAFAL

COMPANY PROFILE



- Safal , the fruit & vegetable business has its origin in the fruit & vegetable project established by National Dairy Development Board in 1986. Safal was established with a noble objective of facilitating a direct link between fruit and vegetable growers and consumer. Safal is the market leader in the organized fruit & vegetable retail business in Delhi , they have 350+ exclusive retail outlet.

PRODUCTS



- Fresh fruits and vegetables
- Frozen range like corn, mixed veg...
- Juices, nectars & fruit beverages
- Processed products like jam, pickles, tomato ketchup....

STRUCTURE AND FUNCTIONING



To modernize the marketing of horticulture produce , This model involves establishment of an alternative marketing structure that provides incentives for quality and productivity, thereby improving farmers' Income.

The SAFAL Market is an establishment with an auction facility through clock auction; backward linkage through farmer associations; and forward linkage in the form of cash and carry semi-wholesale and retail stores.

BENEFITS AND CONSTRAINTS



The SAFAL Market, by and large, has helped in establishing a smooth supply chain involving the producer, wholesaler and consumer. But, there are still certain constraints which, if taken care of, will further strengthen the SAFAL Market model and provide a good example to be repeated in other parts of the country.

Since SAFAL procures only that produce which complies with certain grade standards, farmers depend on the commission agents or local merchants for selling of their remaining produce.



Because of better transportation and cold storage facilities, traders prefer to purchase highly perishable commodities from the SAFAL Market while the less perishable commodities (like onion, potato and garlic) are largely procured from the regulated market.

Also, locational disadvantage to traders, inconvenient auction timings and grading procedures keep many of the traders away from the SAFAL Market. The biggest challenge is to break the long prevailing and very strong link between farmers and commission agents.



The SAFAL Market needs to mobilize large buyers like hostels of educational institutions, community hostels, hospitals, canteens of commercial establishments/ factories and other food retail chains, etc.,

A brand image will help them run the organization on higher volumes.

SAFAL should try to meet the credit needs of buyers as well as farmers, and play a role more than just being a wholesale marketer.

The SAFAL Market being a one-stop shop for buyers and sellers of fruits and vegetables, needs to create awareness in both buyers and sellers to congregate at a point.

THANK YOU