



Summary of Kurukshetra

September 2021

Theme: Rural Marketing

Contents

Rural Product Marketing and Brand Management	2
Effective Marketing through Rural Collectives	4
Rural Marketing Infrastructure.....	7
Rural Marketing: Concepts and Opportunities.....	10
Leveraging ICT in Rural Marketing.....	12



Rural Product Marketing and Brand Management

- Rural marketing is an umbrella term which involves the process of developing, pricing, promoting, distributing products and services primarily to rural consumers.
- However, the source of these products or services may be anywhere (i.e. in both rural as well as urban areas).
- Proper marketing of rural products and services may increase the existing income level of rural poor and provide them a better livelihood opportunity.
- However, due to multiple limitations these products and services deal could not be fully exploited to benefit the producers.

Challenges in Rural product marketing

- Low Landholding leading to lower scale of production
- Seasonal production
- Scattered production centres
- Low demand in rural areas
- Limited access to remunerative market in urban areas
- Transportation and warehousing problems
- Ineffective distribution channels
- Lack of awareness and literacy about remunerative market
- Many languages and diversity in culture also limits rural sellers to seamlessly operate in all markets.

Suggestions to solve the problems associated with rural product marketing in India:

- **Emphasis on Aggregation:**
 - Marketers may leverage contract farming, SHGs, Farmer Producer Organisations, Cooperatives etc., so that localized aggregation could be done in a cost effective manner.
- **Creating Localised Market through Rural Marts:**
 - For eg. Andhra Pradesh and Karnataka
- **Promoting Collaborations with Commercial Organisations:**



- In addition to the demand driven collaborations between large commercial institutions and rural enterprises, the government should also promote incentive driven collaborations so that more such capable institutions foray into rural product marketing.
- **Emphasis on New Product Development:**
 - Emphasis must be given on developing new technologies and adoption of these technologies for creating a diversified portfolio of rural products.
- **Skilling Rural Workforce:**
 - In addition to efforts towards developing entrepreneurship, there is a need to simultaneously focus on skilling rural producers with basic skills of business management and administration.
- **Communication and Promotion of Rural Products:**
 - All channels of communication and promotion viz. TV, FM Radio, cinema and point of purchase advertising, audiovisual publicity vans, events like melas, festivals, social media etc. may be used depending upon the target segment.
- Digital and online marketing should be leveraged immensely as these provide huge benefits in terms of reaching to the customers across the globe.
- Direct marketing for rural products using SHGs and other community-based enterprises may help in the growth of market for these types of products.
- **Good Branding**
 - Rural products lacks branding like FMCG products, there is a need for proper branding of rural products to attract and retain customers.

Challenges in Rural Product Branding

- A majority of rural population in the country is under the category of BPL and the markets are underdeveloped. Further, the customers are of more tradition-bond rather than brand-bond.
- Indian rural market has many languages and dialects that create a barrier for communication.
- As compared to urban customers, the rural customer base have lower literacy rate which creates print media to become ineffective and irrelevant.
- Difficulty in understanding brand as an asset. More thought process is required to create a brand in the case of rural product marketing.
- Maintaining the relevancy and consistency in rural areas is difficult.
- Branding is a costlier affair.



Suggestions for Rural Product Branding

- Use of Geographic Indication tags help largely in promoting the rural products as brand.
- Creating brand Ambassadors by the government utilizing the top government officials (especially IAS officers) and ministers, local celebrities etc.
- Highlighting product features like organic nature, nutrition, origin, tradition, etc.

Conclusion

- There is a growing demand for rural products in India.
- In spite of multiple issues and roadblocks, it provides a good opportunity for producers as well as marketers to tap this potential.
- The inefficiency of rural supply chain is one of the major issue as there are many stakeholders involved in rural production and marketing.
- Consolidation, collaboration and co-ordination among these stakeholders shall play a key role in exploiting this untapped market.
- The successful models like ‘Hub-and-Spoke’ model of Coca cola, ‘Project Shakti’ of HUL, ‘Utsav’ campaign by Asian paints may be adopted while marketing of rural products.
- The rural product branding may be promoted by creating brand ambassadors such as popular government officers, politicians and local celebrities for rural products.

Effective Marketing through Rural Collectives

- A number of measures recently implemented by the government are directed not only to increase production and productivity, but also to ensure smooth and enhanced marketability and proper price discovery for farm profits and income of farmers through improvement of existing marketing infrastructure in rural areas.
- Prominent agri-market infrastructure creating initiatives have been directed towards
 - Connecting more mandis through National Agriculture Market Scheme (e-NAM)
 - Developing rural haats into Gramin Agricultural Markets (GrAMs)
 - Creation and utilization of Agri-Market Infrastructure Fund



- Linking rural markets through Pradhan Mantri Gram Sadak Yojana roads
- Developing cluster based agri products for better demand-supply management of agri-produce.
- Some of the vital issues and challenges which can be resolved for ensuring better marketing avenues in rural areas are as follows:
 - Collectives like SHGs, Cooperatives and FPOs have the potential in effectively handling and managing marketable surpluses of agricultural and allied produce including horticulture livestock, poultry, fishery etc.
 - Collectives of the modern times can take advantage of digital revolution in India and can ensure promotion of innovative and latest technologies.
 - Collective efforts are required to develop competitive marketing channels through the existing network of SHGs/FPOs/Cooperatives in rural areas for agricultural and allied products.
 - Collectives can tie up with national and global entrepreneurs and angel investors, and open ways and means to incentivize private as well as cooperative sectors to make investments for creating modern markets and for ensuring a feasible and transparent marketing environment at the grass root.
 - Awareness generation campaigns, sensitization workshops and basic-orientation programmes through FPOs/SHGs/Cooperative members about processing and marketing of processed produce can help generating more income for the farmer members of such collectives.
 - Collectives with their cumulative and group efforts are adept in promoting creation of scientific storage capacity for storing farm produce, processed farm produce and agricultural inputs etc. so as to reduce post-harvest and handling losses.

Agri-marketing Infrastructure through Community Participation

- The need of the hour is to upgrade and strengthen the community level FPO/ co-operative marketing infrastructure to undertake high volume of business on a large scale during the active business period considering the seasonality in the agriculture.
- Farmers are to be sensitized and trained to skill-fully manage marketing of agri-produce by reducing cost involved in transferring these from production points to the consumers.
- The improper monetization of agri-surplus has been due to the lack of demand in the nearby regulated and unregulated rural and agricultural markets.
- Markets need to be integrated and should promote intermediary trade through a series of players.



- To achieve a truly unified national agricultural market, rural agri-marketing architecture needs to be reviewed, rehashed, promoted, upgraded and linked to the online platform of National Agriculture Market (e-NAM).
- Rural collectives can be trained to understand e-NAM which is reeling under various vital issues viz. harmonization of grades and standards, lack of integrated network between post production value chains with marketing chains – storages, logistics, asymmetry in information on market trends etc.

Collective Warehousing

- FPOs/Cooperatives/SHGs as farmers' collectives can contribute to expand the capacity of storage and warehousing for agri-produce.
- These units can ensure enhanced and direct access to markets, aggregation of produce in bulk with quality to attract the market, promote an ecosystem to enhance bargaining for better price of products and could improve access to storage facilities.

Agri-Value Chain Infrastructure

- The agri-value chain should attempt to bring all the stakeholders engaged in the production system viz. input suppliers, technology delivering agencies, scientists in developing appropriate technologies and extension officers who are involved in capacity building and providing various services to farmers on a common platform to ensure a fair deal and transparency.
- Community financial institutions like SHGs, Cooperatives and FPOs besides delivering credit at the door-step can play the role of market information centres and become major stakeholders in the agri-value chain.

Contract Farming and Marketing by Collectives

- Since agri-markets are largely buyer driven and vertically integrated, contract farming through community based farmer co-operatives would offer the best possible income stream to the farmers by reducing labour-related transaction costs, costs of other inputs, technology and innovation.
- In comparison to individual farmers, co-operatives/FPOs/SHGs can reap the benefits of lower input costs, stability and longevity of contract farming arrangements and can ensure a fair distribution of profits amongst the member farmers.

Conclusion



- Rural collectives have the desired potential for balancing the existing complicated dynamics between firms and farmers through collective bargaining, creation and maintenance of long-term relationships with input vendors and logistic support providers and through timely mitigating risk and uncertainties faced by the farmers.
- The real challenge before us is how to sensitise these collectives on governance, organizational skills, team spirit of work, interpersonal communication, work allocation, payment/ transaction, market systems, supply chain etc. so that the efficiency in rural market systems are maximized and rightful benefits of value addition and quality price discovery of agri-products are ensured for the participating players of rural markets.

Rural Marketing Infrastructure

- The phrase “rural marketing” connotes different things to different people and professionals.
- For instance, for certain entities and agencies, it could imply marketing products to consumers in rural areas.
- In other cases, it is about marketing rural products to urban consumers.

Constraints faced in Rural Marketing

- One of the major constraints in rural marketing is physical access.
- For any rural produce to reach the consumer markets, or for consumers and channel members to reach rural markets, year-round connectivity and transport is essential.
- On the other hand, availability of electricity forms a foundation for carrying out a wide range of economic activities in rural areas including farming, small scale manufacturing, cottage industries, food processing and a host of services.
- Lack of reliable and efficient power supply affects production, especially scaling up operations or improving productivity.
- Internet is a much more efficient and fast medium of connectivity. Access to Internet through broadband is thus, another constraint that rural producers and marketers face.



- The other problem in rural marketing arises due to small quantities available for sale. More than 80 percent of India's farmers are small and marginal with little individual, but collectively sizeable surplus for the market.

Way Forward

- Overcoming these challenges forms the crux of the rural marketing system.
- An efficient marketing system requires huge investments in physical and digital infrastructure that helps rural producers to connect and engage with urban markets, logistically and electronically.
- It also requires investments in imparting marketing skills to individuals, such as understanding consumer requirements, demand and supply trends, and pricing dynamics.
- Finally, since most farmers in India are small and artisanal work is at individual or family level, organizing them into groups for generating economies of scale is important.

Government Policies

- The Pradhan Mantri Gram Sadak Yojana envisaged providing all-weather roads to unconnected habitations with the objective of providing rural connectivity through these roads.
- Investment in rural electrification is currently underway through 2 schemes – The Deen Dayal Upadhyay Gram Jyoti Yojana and Pradhan mantra Sahaj Bijli Har Ghar Yojana (Saubhagya), both under Ministry of Power.
- In 2013, the Integrated Scheme for Agricultural Marketing was launched. A sub-scheme for Agricultural Marketing Infrastructure was created after merging older schemes.
 - AMI sub-scheme is envisaged as a subsidy of 33.33 percent of capital investments in warehousing, cold storage, primary processing, regrigated vans, quality testing, grading and so on.
- With an objective to support agricultural marketing in rural areas, the Gramin Agricultural Markets (GrAMs) scheme was introduced to develop retail markets near the rural periodic markets or haats, which would also serve the purpose of aggregation and turn into feeder markets for APMCs.
- The Central Government, through Ministry of Textiles offers financial assistance to organisations such as Central or State Handicrafts Corporations, and other agencies under government, to organize a craft bazaar in metro cities, capital cities of states, and places of tourist and commercial interest.
- The National Optic Fibre Network was launched in 2011 which was renamed as Bharatnet project in 2015.



- Through this the government aims to provide high-speed broadband connectivity to nearly 2.5 lakh Gram Panchayats.
- The Pradhan Mantri Kaushal Vikas Yojana (PMKVY) is a landmark scheme that aims at:
 - Development of skills
 - Promotion of apprenticeship
 - Development of entrepreneurship
 - Apprenticeship and training
 - Skill acquisition and knowledge awareness for livelihood promotion
 - Skill strengthening for industrial value enhancements.
- The Union Budget of 2019-20 announced a Central scheme of “Formation and Promotion of Farmer Producer Organisations”, with a target of forming 10,000 FPOs in the country, between 2019-20 and 2023-24.
- Similarly, for handicrafts, the Ministry of Textiles has the Dastkar Sashaktikaran Yojana that focuses on developing self-help groups, artisan groups or cooperatives in clusters where artisans are located.

Conclusion

- The term rural marketing has been used differently by different organisations.
- Rural producers have faced major constraints in accessing, understanding and engaging with urban markets which have faced major constraints in accessing, understanding and engaging with urban markets which have diverse consumer groups.
- Further, rural producers are small landholders and artisans who face the problems of low bargaining power and lack of economies of scale.
- While the issue of physical access is being addressed by Government schemes on roads and electricity, investments in digital infrastructure have the potential to bring consumers and producers in direct contact in a virtual mode.
- Farmer and artisan groups such as SHGs, FPOs and cluster development enable aggregation, addressing problems of scale and volume.
- However, understanding consumers and their changing tastes and preferences is a dynamic proposition. This requires a professional approach.



- The Government of India runs an admirable programme on skill development, and it might help to include more courses, internships and apprenticeships in the marketing domain specifically to bridge the gap of professional marketing manpower.

Rural Marketing: Concepts and Opportunities

Recent Initiatives:

- AatmaNirbhar Bharat – Agriculture which includes comprehensive market reforms and creation of ‘Agricultural Infrastructure Fund (AIF)’ worth Rs. 1 lakh crore.
- Integrated Scheme for Agricultural Marketing (ISAM) objectives:
 - To promote creation of agricultural marketing infrastructure by providing backend subsidy support to state cooperative and private sector investments.
 - To promote creation of scientific storage capacity and to promote pledge financing to increase farmers’ income.
 - To promote Integrated Value Chains (confined up to the stage of primary processing only) to provide vertical integration of farmers with primary processors.
 - To use ICT as a vehicle of extension to sensitise and orient farmers to respond to new challenges in agricultural marketing .
 - To establish a nation wide information network system for speedy collection and dissemination of market information
 - To support framing of grade standards and quality certification of agricultural commodities.
 - To catalyse private investment in setting up of agribusiness projects
 - To undertake and promote training, research, education, extension and consultancy in the agri marketing sector.
 - To establish a National Unified Agricultural Market through e-NAM.
- The government is implementing Strengthening of Agmark Grading Facilities, sub scheme of ISAM to support framing of grade standards and quality certification of agricultural commodities to help farmers get better and remunerative prices for their graded produce.



- In order to provide better marketing facilities to the farmers, the government had released a new model “The Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017” popularly known as Model APLM Act, 2017.
 - It promotes alternative marketing, etc. for farmers to market their produce at competitive and remunerative prices.
 - The government has been modernizing the mandis and strengthening the agricultural market infrastructure in the country, particularly in rural areas through various schemes like Rashtriya Krishi Vikas Yojna-Remunerative Approaches for Agriculture and Allied Sector Rejuvenation (RKVY-RAFTAAR), Agriculture Market Infrastructure (AMI) and National Agriculture Market (e-NAM) as well as Mission for Integrated Development of Horticulture and Pradhan Mantri Kisan SAMPADA Yojana.
- One India, One Agriculture Market is vital for enhancing price realization by farmers so as to increase their income.
 - With this intention, the government has enacted “The Farmers” Produce Trade and Commerce (Promotion and Facilitation) Act, 2020”, “The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020”, and the “The Essential Commodities (Amendment) Act, 2020” to provide for the creation of an ecosystem where the producers and buyers enjoy the freedom of choice relating to sale and purchase of farmers’ produce which facilitates remunerative prices to farmers.
- Various facilities are provided to the farmers in selling agricultural produce in e-NAM mandis in the country:
 - Farmers are free to register without any cost on e-NAM platform
 - Integration with AGMARKNET platform, farmer can access the prevailing commodity prices and arrival information of e-NAM mandi as well as non e-NAM mandi on e-NAM mobile app prior to even going to the mandi.
 - The infrastructure created for e-NAM is used to provide free of cost quality assaying facilities to farmers for trading of their agriculture produce for facilitating quality based price discovery.
 - E-NAM mobile app facilitates direct online payment by buyers to the bank account of farmers in a transparent, speedy and safe manner.
 - Under the scheme, various training and awareness programmes are conducted free of cost for farmers for successful implementation of e-NAM.



- The e-NAM platform is made inter operable with Rashtriya e Market Services Private Limited platform of government of Karnataka thereby increasing their market access.
- Through GPS based e-NAM Mandi Locator farmes/sellers can locate their nearby e-NAM mandi using GPS based mandi locator feature through e-NAM mobile app.
- e-NAM portal is available in English and 11 Indian languages to facilitate farmers to use e-NAM in the language of their choice.
- Ministry of Agriculture and Farmers' Welfare launched "KISAN RATH", a farmer friendly mobile application, to facilitate farmers in finding suitable transport vehicles for transportation of their agriculture and horticulture produce.

Leveraging ICT in Rural Marketing

- The combination of the internet and mobile phones – the most widely used internet enabled device-also known as information and communication technology (ICT), is powerful and can be leveraged to better understand and further our knowledge or India's hinterland. \
- The widespread inclusion of rural India into the Internet sphere has opened tremendous scope for the role of ICT in rural marketing and or bringing millions of Indians into the ever-evolving sphere of internet led growth and development.

Bringing Rural India into the Mainstream

- Information and communication technology can be effectively deployed to enhancing their understanding of popular food types and the ways in which they can alter their farms to produce such food types.
- Numerous mobile phone applications developed and managed by the government have digitized information on the various aspects of sowing, harvesting and selling produce in markets.
 - Kisan Suvidha provides relevant information to farmers on weather patterns, dealers markets prices, agri-advisories, plant protection, and IPM practices among others.
 - The application AgriMarket can be used to obtain the market price of crops in the markets within 50 km of the device's location.
 - Digital Mandi India app helps farmers to check the latest mandi prices for agricultural commodities from different states and districts.



- The MNFC app, developed by National Remote Sensing Centre, ISRO, uses satellites to collect field data for crop assessment under the FASAL project of the Ministry of Agriculture.
 - Information thus collected on crop type, conditions, sowing date, soil type are instrumental in furthering our understanding of India's farming sector and in creating a national geospatial database of crops.
- The other, and recently more exciting component of rural marketing is making manufactured products and services available in rural India.
 - This aspect demands a deep understanding of the diverse social, economic and cultural fabric of rural India.
 - The rapid pace of internet penetration, has introduced the rural population to exciting new innovations and products now available in urban markets and they, too, aspire to such lifestyles.
 - Successfully altering these products to the rural landscape will be a testament to the creativity and vigour of India's frugal innovation sector that has recently met the pressing need for equipment to fight COVID-19 in the most fascinating and awe-inspiring manner.
 - Some sectors with special potential in rural India must be highlighted here.
 - First, rural Indians are realizing the importance of education in upward social and economic mobility. Ed-tech undoes the structural and circumstantial barriers that otherwise prevent children from attending schools like distance, safety, hygiene and erratic presence of teachers. Ed-tech platforms must, however make their content available in vernacular languages and attune it to the social mores of rural society.
 - The second sector with potential is healthcare. In rural India there is tremendous potential to market for expanding formal health services, establishing allopathic medicine hospitals and educating the populace on good health practices and disease prevention. As more rural Indians access the internet on their phones and grow comfortable with using its many provisions, the footprint of digital health can be steadily expanded in rural marketing.
 - The third sector with unparalleled potential is e-commerce, a major driver of global growth and consumption. To bring India's rural hinterland apace with global growth, the expansion of e-commerce platforms in these areas is undeniably important. It effectively fulfills the gap between the wants of the rural communities – especially those they cannot meet locally. E-commerce also offers, reverse benefit: it can bring goods produced in rural economies – handloom products, region specific textiles, etc. Since the pandemic has severely impacted



- tourism and brick and mortar establishments, digital retail and e-commerce can be instrumental in making rural communities more resilient and ensuring their economic security against unforeseen incidents.
- Finally technology itself holds immense opportunities for expansion in rural India. In addition to dispensing information, providing services and connecting rural manufacturers and markets to the national supply chain, ICT can provide employment to millions of rural youths who are seeking to diversify their family income. ICT is also indispensable in modern warehousing facilities which are in turn, increasingly indispensable in India. They can be a potential source of mass employment. For rural Indians, such employment opportunities not only ascertain a source of income but foster a sense of security and confidence that is crucial in the development of a healthy society.

Conclusion

- Rural income in India comprises 46 percent of the total national income.
- At 890 million people, India's rural population is also the largest rural population in the world.
- The sheer size of rural India holds a large economic opportunity for businesses.
- Consumer products like automobiles, FMCG products and toys will find large and growing markets in rural India, provided they are suitably designed to cater to rural Indian needs.
- Rural marketing must, therefore, invest in seeking to understand the rural market, consumer tastes and aspirations.
- Information and communication technology has enabled us to understand rural India like never before.
- Its use must continue to be expanded widely and rural marketing deployed responsibly to nurture the constantly changing landscape of rural India.