

# MODULE - I

# 1

## RURAL MARKETING

### Unit Structure

- 1.0 Objectives
- 1.1 Introduction
- 1.2 Concept of Rural Marketing
- 1.3 Scope of Rural Marketing
- 1.4 Nature and Evolution of Rural Marketing
- 1.5 Rural Marketing Strategies-4P's
- 1.6 Rural Infrastructural Facilities
- 1.7 Logistic steps in new product development
- 1.8 Summary
- 1.9 Exercise

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### 1.0 OBJECTIVES

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- To understand the concept of Rural Marketing
- To discuss the scope of Rural Marketing
- To explain the nature and evolution of Rural Marketing
- To discuss 4P's of Rural Marketing Strategies
- To explain rural Infrastructural Facilities
- To analyse logistic steps in new product development

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### 1.1 INTRODUCTION

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**Marketing** is a business term that experts have defined in dozens of different ways. In fact, even at company level people may perceive the term differently. Basically, it is a management process through which products and services move from concept to the customer. It includes identification of a product, determining demand, deciding on its price, and selecting distribution channels. It also includes developing and implementing a promotional strategy incorporating both outbound and inbound marketing.

“Marketing is the organization of the sale of a product, for example, deciding on its price, the areas it should be supplied to, and how it should be advertised.”

**Below is the American Marketing Association's definition:**

“Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.”

The emergence of rural markets as highly untapped potential emphasizes the need to explore them. Marketers over the past few decades, with innovative approaches, have attempted to understand and tap rural markets. Some of their efforts paid off and many markets still an enigma. Rural marketing is an evolving concept, and as a part of any economy, has untapped potential; marketers have realized the opportunity recently. Improvement in infrastructure and reach, promise a bright future for those intending to go rural. Rural consumers are keen on branded goods nowadays, so the market size for products and services seems to have burgeoned.

The rural population has shown a trend of moving to a state of gradual urbanization in terms of exposure, habits, lifestyles, and lastly, consumption patterns of goods and services. So, there are dangers on concentrating more on the rural customers. Reducing the product features in order to lower prices is a dangerous game to play. Rural buyers like to follow the urban pattern of living. Astonishingly, as per the census report 2003-04, there are total 638365 villages in India in which nearly 70% of total population resides; out of them 35 % villages have more than 1000 population.

Rural per capita consumption expenditure grew by 11.5 per cent while the urban expenditure grew by 9.6 per cent. There is a tremendous potential for consumer durables like two-wheelers, small cars, television sets, refrigerators, air-conditioners and household appliances in rural India.

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## **1.2 CONCEPT OF RURAL MARKETING**

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The concept of Rural Marketing in India Economy has always played an influential role in the lives of people. In India, leaving out a few metropolitan cities, all the districts and industrial townships are connected with rural markets. The rural market in India generates bigger revenues in the country as the rural regions comprise of the maximum consumers in this country. The rural market in Indian economy generates almost more than half of the country's income. Rural marketing in Indian economy can be classified under two broad categories.

**Definition:**

‘Rural marketing’ is similar to simply ‘marketing.’ Rural marketing differs only in terms of buyers. Here, target market consists of customers living in rural areas. Thus, rural marketing is an application of marketing fundamentals (concepts, principles, processes, theories, etc.) to rural markets.

### 1. Population:

According to 2011 Census rural population is 72% of total population and it is scattered over a wide range of geographic area. That is 12% of the world population which is not yet fully utilized.

### 2. Rising Rural Prosperity:

Average income level has improved due to modern farming practices, contract farming industrialization, migration to urban areas etc. There has been an overall increase in economic activities because during the planned rural development heavy outlay of resources on irrigation, fertilizers, agricultural equipment's and agro processing industry has been made. Saving habits in rural people also has increased. This too contributes in higher purchasing power

### 3. Growth in consumption:

There is a growth in purchasing power of rural consumers. But, the average per capita house hold expenditure is still low compared to urban spending

### 4. Change in life style and Demands:

Life style of rural consumer changed considerably. There has been increase in demand for durables and non-durables like table fans, radios, mopeds, soaps, etc. by rural consumers. This provides a ready market for the producers. Rural market is expanding day after day.

### 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. Decision-making Units:

Women in rural areas are beginning to make fast decisions for purchases. Studies reveal that 72.3% decisions are taken jointly in a family. With education and mass media, role of children in decision making is also changing

## 1.4 NATURE AND EVOLUTION OF RURAL MARKETING

There goes a saying that the proof of the pudding lies in the eating. So also, the proof of all production lies in consumption/marketing. With the rapid pace of technological improvement and increase in peoples buying capacity, more and better goods and services now are in continuous demand. The liberalization and globalization of the Indian economy have given an added advantage to sophisticated production, proliferation and mass distribution of goods and services.

Taking these into consideration, the question may arise whether marketers should concentrate their activities in urban India consisting of metros, district headquarters and large industrial townships only, or extend their activities to rural India. Rural India is the real India. The bulk of India's population lives in villages. In terms of the number of people, the Indian rural market is almost twice as large as the entire market of the USA or that of the USSR.

- Agriculture is main source of income.
- The income is seasonal in nature. It is fluctuating also as it depends on crop production.
- Though large, the rural market is geographically scattered.
- It shows linguistic, religious and cultural diversities and economic disparities.
- The market is undeveloped, as the people who constitute it still lack adequate purchasing power.
- It is largely agricultural oriented, with poor standard of living, low-per capital income, and socio-cultural backwardness.
- It exhibits sharper and varied regional preferences with distinct predilections, habit patterns and behaviorual characteristics.
- Rural marketing process is both a catalyst as well as an outcome of the general rural development process. Initiation and management of social and economic change in the rural sector is the core of the rural marketing process. It becomes in this process both benefactor and beneficiary.

### 1.4.1 Evolution of Rural marketing:

#### Part I (Before 1960):

Rural marketing referred to selling of rural products in rural and urban areas and agricultural inputs in rural markets. It was treated as synonymous to 'agricultural marketing'. 4 Agricultural produces like food grains and industrial inputs like cotton, oil seeds, sugarcane etc. occupied the central place of discussion during this period. The supply-chain

activities of firms supplying agricultural inputs and of artisans in rural areas received secondary attention. The local marketing of products like bamboo baskets, ropes, window and door frames, small agricultural tools like ploughs by sellers like black smiths, carpenters, cobblers, and pot makers were emphasised in general. This was totally an unorganized market where all banias and mahajans (local business people) dominated this market.

### **Part II (1960 to 1990):**

In this era, green revolution resulted from scientific farming and transferred many of the poor villages into prosperous business centers. As a result, the demand for agricultural inputs went up especially in terms of wheats and paddies. Better irrigation facilities, soil testing, use of high yield variety seeds, fertilizers, pesticides and deployment of machinery like powder tillers, harvesters, threshers etc. changed the rural scenario. In this context, marketing of agricultural inputs took the importance. Two separate areas of activities had emerged- during this period 'marketing of agricultural inputs' and the conventional "Agricultural Marketing". During this period, the marketing of rural products received considerable attention in the general marketing frame work. The formation of agencies like Khadi and Village Industries Commission, Girijan Cooperative Societies APCO Fabrics, IFFCO, KRIBHCO, etc., and also the special attention government had paid to promote these products were responsible for this upsurge. Village industries flourished and products like handicrafts, handloom textiles, soaps, safety matches, crackers etc. hit the urban market on a large scale from rural areas.

### **Part III (After Mid 1990s):**

The products which were not given attention so far during the two earlier phases were that of marketing of household consumables and durables to the rural markets due to obvious reasons. The economic conditions of the country were as such that the rural people were not in a position to buy these kinds of products. Secondly, our market was in a close shape and we never allowed companies (foreign) to operate in Indian market. But we lifted the ... and opened up economy, consequently companies started flourishing in India. The small villages/hamlets were widely scattered making reach difficult and expensive consequently. Rural markets were seen an adjunct to urban market and conveniently ignored. However, since 1990s, India's industrial sector had gained in strength and maturity. Its contribution to GNP increased substantially. A new service sector had emerged signifying the metamorphosis of agricultural society into industrial society. Meanwhile, due to the development programmes of the central and state governments, service organizations and socially responsible business groups like Mafatlal, Tatas, Birlas, Goenkas and others, the rural area witnessed an all round socio-economic progress. The economic reforms further accelerated the process by introducing competition in the markets. Steadily, the rural market has grown for household consumables and durables. Rural marketing represented the emergent distinct activity of attracting and serving rural markets to fulfil

the needs and wants of persons, households and occupations of rural people. As a result of the above analysis, we are in a position to define rural marketing “Rural marketing can be seen as a function which manages all those activities involved in assessing, stimulating and converting the purchasing power into an effective demand for specific products and services, and moving them to the people in rural area to create satisfaction and a standard of living for them and thereby achieves the goals of the organization”.

## 1.5 RURAL MARKETING STRATEGIES-4P’S

Marketing mix comprises of various controllable elements like product, price, promotion and place. Success of any business enterprise depends on marketing mix and these four elements are like powerful weapons in the hand marketers.



Since behavioral factors of rural consumers are different and almost unpredictable in nature, the marketers have a challenging task to design marketing mix strategies for the rural sectors. Due to considerable level of heterogeneity, marketers need to design specific programs to cater needs and wants of specific groups.

### A - Product Mix:

Product is a powerful tool of an organization’s success. The products must be acceptable to rural consumers in all significant aspects. The firm must produce products according to the needs and future demands of rural buyers. The product features like size, shape, color, weight, qualities, brand name, packaging, labeling, services, and other relevant aspect must be fit with needs, demands and capacity of buyers.

Product must undergo necessary changes and improvements to sustain its suitability over time. The effectiveness of other decisions like pricing, promotion and place also depends on the product.

### B - Price Mix:

Price is the central element of marketing mix, particularly, for rural markets. Rural consumers are most price sensitive and price plays more decisive role in buying decisions.

Pricing policies and its strategies must be formulated with care and caution. Price level, discounts and rebates, then credit and installment facilities are important considerations while setting prices for rural specific products.

Normally, the low-priced products always attract the rural buyers, but rarely some rural customers are quality and status conscious.

### **C- Promotion Mix:**

Rural markets are delicately powerful to cater to the rural masses. The promotion strategies and distribution strategies and Ad makers have learned to leverage the benefits of improved infrastructure and media reach.

Most of the companies advertise their products and services on television and they are sure it reaches the target audience, because a large section of the rural India is now glued to TV sets. Marketers have to decide on promotional tools such as advertisement, sales promotion, personal selling and publicity and public relations.

The method of promotion needs to meet the expectations of the market. Vehicle campaigns, edutainment films, generating word of mouth publicity through opinion leaders, colorful wall posters, etc. — all these techniques have proved effective in reaching out to the rural masses.

Village fairs and festivals are ideal venues for projecting these programs. In certain cases, public meetings with Sarpanch and Mukhiya too are used for rural promotion. Music cassettes are another effective medium for rural communication and a comparatively less expensive medium.

Different language groups can be a **low budget technique** and they can be played in cinema houses or in places where rural people assemble. It is also important that in all type of rural communication, the rural peoples must also be in the loop. The theme, the message, the copy, the language and the communication delivery must match the rural context.

Eventually, the rural communication needs creativity and innovation. In rural marketing, a greater time lag is involved between the introduction of a product and its economic size sale, because the rural buyer's adoption process is more time consuming.

Nowadays, educated youth of rural area can also influence decision-making of the rural consumers. Rural consumers are also influenced by the western lifestyle they watch on television. The less exposure to outside world makes them innocent and the reach of mass media, especially, television has influenced the buying behavior greatly.

### **D - Place Mix:**

Rural market faces critical issues of distribution. A marketer has to strengthen the distribution strategies. Distributing small and medium sized



packets through poor roads, over long distances, into the remote areas of rural market and getting the stockiest to do it accordingly.

Both physical distribution and distribution channel should be decided carefully to ensure easy accessibility of products for rural consumers. Choosing the right mode of transportation, locating warehouses at strategic points, maintaining adequate inventory, sufficient number of retail outlets at different regions, and deploying specially trained sales force are some of the critical decisions in rural distribution.

Normally, indirect channels are more suitable to serve scattered rural customers. Usually, wholesalers are located at urban and semi urban to serve rural retailers. Not only in backward states, but also in progressive states, local rural producers distribute directly to consumers.

For service marketing, employees of rural branches can do better jobs. Various sectors like banking, insurance, investment, satellite and cable connection, cell phone, auto sales and services etc. — the market for these sectors is booming in villages of some states in a rapid speed. Service industries are trying to penetrate into rural areas by deploying specially trained employees and local rural area agents.

Nowadays, online marketing is also making its place gradually in rural areas of the progressive states. Marketers must design and modify their distribution strategies time to time taking into consideration the nature and characteristics prevailing in rural areas, may be quite differently than that of urban markets.

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## **1.6 RURAL INFRASTRUCTURAL FACILITIES**

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Every Brands seeking to tap into India's fast-growing rural markets will need to focus primarily on their logistics if they are to reach, acquire and retain customers, a leading consultancy has argued.

The rural India is getting urbanized very fast and the taste of rural is almost going to be the same as urban has.

### **1.6.1 Warehousing:**

Warehousing is storage for the purpose of commercial gain by specialized agencies. A warehouse is an establishment consisting of large technical personnel in charge of goods, stored under the care of a warehouseman with safeguards provided by law and subject to the supervisory control of a public authority. Warehousing is sometimes confused with storage, but it does imply storage as a regular industry. Warehousing comprises many functions: its main component is storage. It is often viewed as a mere auxiliary service. The term 'warehousing' encompasses the facilities and services incidental to or connected with storage, transport, handling and distribution of inputs, finished goods and all kinds of other commodities. Marketing covers all the business activity involved in the flow of goods and services from the producer to the consumer. Warehousing is an important chain in the system of marketing. No scheme of marketing can



be complete without a reliable and efficient system of warehousing. The establishment of a well-planned network of warehouses is important both for domestic and internal trade and public distribution of essential commodities. Warehousing is an essential infrastructure for trade, commerce and physical distribution of agricultural goods. The serious problem which the underdeveloped countries are facing is wastage of food grains particularly. Inadequate transport and storage facilities cause much waste and are directly responsible for food shortage, at least partially, which is already acute. This underlines the importance of an appropriate storage system which can reduce the preventable losses the advantages of efficient system of warehousing are as follows.

- 1) It facilitates the obtaining of advances from bankers against the security of warehouse receipts, which are documents of title of goods. It will save farmers from the clutches of the moneylenders.
- 2) It brings about stability in prices. As the function of the storage is to equate supply and demand, it exerts an important influence on prices. That is to say, it tends to stabilize the prices throughout the year.
- 3) It will ensure farmers to get the benefit of remunerative prices by storing their produce till favorable price could be obtained. It helps in getting incentives back to farmers, which is essential for modern agriculture.
- 4) It will prevent distress sale of agricultural produce immediately after harvest when the prevailing prices are at their lowest.
- 5) It will reduce pressure on transport facility in post-harvest periods of peak demand for transport.
- 6) The goods are handled properly and stored scientifically to prevent damage, deterioration and loss during handling and storage.
- 7) This will also make available agricultural inputs required for growing crops and increasing production. The loss, if any, in quality or quantity is minimum.
- 8) Warehouses are being run in public interest on business principles. These are not profit motivated.

They realize storage charges for providing scientific storage of goods and a minimum percentage of supervision charges on handling, transporting and other incidental expenditures incurred on behalf of the depositors.

### **1.6.2 Cold Storage:**

This is essential for safety and protection. For certain perishable like fruits, vegetables, meat products, eggs etc cold storage is preferred. At present cold storage facility is inadequate and need to be increased, with growth in agro-produce the need for more and more storage facility would increase.

## **Classification of Cold Storage in India:**

As per the presentday practice, cold stores can be classified mainly as follows:

### **1. Bulk Cold Stores:**

Generally, for storage of a single commodity, these mostly operate on a seasonal basis e.g., stores for potato, chillies, apples and so on.

### **2. Multipurpose Cold Stores:**

These are designed for storage of variety of commodities which operate, practically, round the year. The products stored in these types of cold stores are fruits, vegetables, dry fruits, spices, pulses, and milk products. These units have been mainly located near the consuming centres.

### **3. Small Cold Stores:**

These come with precooling facilities for fresh fruits and vegetables, mainly, for export-oriented items like grapes. The major concentration of these units is in Maharashtra but the trend is now picking up in other states like Karnataka, Andhra, and Gujarat.

### **4. Frozen Food Stores:**

These come with or without processing and freezing facility for fish, meat, poultry, dairy products and processed fruits and vegetables. These units have helped the promotion and growth of frozen foods sector, both in the domestic and the export markets. However, the percentage of foods so processed is extremely low and a great potential exists for growth in this category.

### **5. Mini Units / Walk-in Cold Stores:**

These are located at hotels, restaurants, malls, and supermarkets.

### **6. Controlled Atmosphere (CA) Stores:**

These are meant for certain fruits/ vegetables like apples, pears, and cherries.

### **7. Ripening Chambers:**

These are mainly setup for bananas and mangoes.

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## **1.7 LOGISTIC STEPS IN NEW PRODUCT DEVELOPMENT**

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### **1. Idea Generation:**

The inception of every new product starts with an idea. And to generate the ideas, companies can focus on customer demands and needs. Alternatively, they can also focus on analysing the choices of their

competitors. Understanding why the products of the competitors are selling well can increase the odds of success for any new products that a company launches. Lastly, some companies turn to creative minds in the upper management for ideas. The most famous example of that would be the late Steve Jobs of Apple. Steve Jobs was famous for steering his company through new product developments with incredible success.

## **2. Idea Screening:**

Not every idea is suitable to become a product. For that reason, companies have to screen the ideas. Companies can label an idea as promising and act on it, marginal and try to improve it, or simply poor and reject it. It is also very important for companies to avoid any bias related to the source of the idea. So even if someone like Steve Jobs pitches an idea, the company should still be very careful with it.

## **3. Product Development Process:**

During the third stage of the process, the product idea grows into multiple concepts. Companies will repeat the screening process to choose the best of them and pit them against each other. Most companies will introduce their concepts to focus groups and analyse their reactions. The products that do the best in front of the focus groups or test consumers go into development.

## **4. Marketing Strategy:**

Once a company decides on the product, they will have to spend time developing a marketing strategy for it. Experts will evaluate the size of the market, demand for the product, and revenue estimates. The marketing team will get a budget for their efforts and they can select distribution channels.

## **5. Business Model:**

The development of a business model works very similarly to the development of a marketing strategy. The experts in the company will estimate the costs and profits and manage the potential of the product. Also, they will estimate the economic feasibility of the new product.

## **6. Manufacture:**

At this stage, the production finally begins. The company will make multiple prototypes and choose on which designs get to go to the next stage. Also, the company will, once again, perform a cost analysis to see if it matches the estimates. And if the costs go above the higher-end estimates, the company might abandon the project.

## **7. Branding:**

Once the company finally has a physical product in their hands, the marketing team can get to work. For starters, they can develop the brand

name, packaging, and the marketing message behind the product. They will also determine the price of the product.

### **8. Product Launch:**

The final phase of the product development process is the commercialisation phase. The product is launched, and it is followed by a developed marketing strategy in order to maximise its earning potential.

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## **1.8 SUMMARY**

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- “Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.”
- Rural marketing is an evolving concept, and as a part of any economy, has untapped potential; marketers have realized the opportunity recently.
- The rural market in India generates bigger revenues in the country as the rural regions comprise of the maximum consumers in this country.
- Agriculture is main source of income.
- Rural marketing process is both a catalyst as well as an outcome of the general rural development process.
- Marketing mix comprises of various controllable elements like product, price, promotion and place.

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## **1.9 EXERCISE**

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### **Short questions:**

1. What is a marketing?
2. What do you mean by Product mix?
3. Explain the concept of rural marketing
4. Discuss the nature of Rural Marketing.
5. Define market.

### **Long questions:**

1. Describe the scope of rural marketing.
2. Explain the evolution of Rural Marketing.
3. Discuss the 4P's of Rural Marketing Strategies.
4. Explain the Rural Infrastructural Facilities.
5. Discuss the logistic steps in new product development.

### Multiple Choice Questions:

1. \_\_\_\_\_ involves the selling of rural products (like agri-based) in urban/rural areas and urban products in rural areas.
  - a. Rural marketing
  - b. Urban marketing
  - c. Business
  - d. NGOs
2. Starting point for understanding the buyer is \_\_\_\_\_.
  - a. Psychology
  - b. Stimulus response
  - c. Purchasing power
  - d. None of these
3. The demand for goods and services in India depend(s) largely on \_\_\_\_\_.
  - a. Rainfall
  - b. Agriculture
  - c. Income
  - d. All of these
4. A major portion of the rural population consists of \_\_\_ income groups.
  - a. Low
  - b. High
  - c. Medium
  - d. All of these
5. Which quality of rice is in more demand?
  - a. Inferior quality
  - b. Medium quality
  - c. Low quality
  - d. High quality

**Answers:** 1-a, 2-b, 3-b, 4-a, 5-a

**Fill in the blanks:**

1. In the rural marketing, major income come from \_\_\_\_\_.
2. Rural consumers are heterogeneous from \_\_\_\_\_ point of view
3. Perishable like fruits, vegetables, meat products, eggs etc., \_\_\_\_\_ is preferred
4. \_\_\_\_\_ is storage for the purpose of commercial gain by specialized agencies.
5. \_\_\_\_\_ is the central element of marketing mix, particularly, for rural markets.

**Answers:**

1. Agriculture
2. Income
3. cold storage
4. Warehousing
5. Price

**True or false:**

1. Only low priced products will sell in rural India.
2. Rural consumers are a homogenous lot
3. Print media is not necessarily impactful in rural markets
4. Rural customer is price sensitive.
5. Products should be simpler, easy to use, service and maintain.

**Answers:**

True: 4 and 5

False: 1, 2 and 3

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## INDIAN RURAL MARKET

### Unit Structure

#### 2.0 Objectives

##### 2.1 Introduction

##### 2.2 Profile of Indian Rural Market

##### 2.3 Rural Vs Urban Market

##### 2.4 Importance of Branding

##### 2.5 Scope and Importance of Transportation Networking in rural markets

##### 2.6 Summary

##### 2.7 Exercise

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### 2.0 OBJECTIVES

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- To discuss the profile of Indian Rural Market
- To understand the difference between Rural and Urban Market
- To analyse the importance of Branding
- To explain the Scope and importance of Transportation Networking in rural markets

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### 2.1 INTRODUCTION

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Indian rural market **has a vast demand base and size**. Rural marketing involves the process of developing, promoting, distributing rural area specific products and service exchange between rural and urban market which satisfies customer demand and also achieves organizational goals.

Rural marketing is now a two-way marketing process. There is inflow of products into rural markets for production or consumption and there is also outflow of products to urban areas. The urban to rural flow consists of agricultural inputs, fast-moving consumer goods (FMCG) such as soaps, detergents, cosmetics, textiles, and so on. The rural to urban flow consists of agricultural produce such as rice, wheat, sugar, and cotton. There is also a movement of rural products within rural areas for consumption.

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### 2.2 PROFILE OF INDIAN RURAL MARKET

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#### 1. Large and Scattered Market:

In the 1st place, in terms of number of consumers, the rural market of India is a very large market; it consists of more the 600 million consumers. It is also highly scattered market: the consumers are scattered over 5,70,000 villages spread through the length and breadth of the country. In



terms of business generated too, it is a big market; 22000 crores rupees worth of non-food consumer goods are being sold per year in the market at present.



## **2. Fast Changing Pattern and Demand:**

During the last decade the rural consumers were in need for low end products which would meet their basic demands and necessities. But of lately due to change in technology rather advancement in technology the demand for people have also changed and the buying pattern which initially comprised of basic products have now shifted to luxurious products.

## **3. Heterogeneous Market:**

The relative status of the rural areas of different states differs. Parameters on which they differ are Health and education facilities, nature of facilities, availability of public transport, electricity, TV transmission, banks, post offices, water supply etc.

IMRB study reveals that an average village in India has 33 development index points, Kerala's average is 88; Bihar's average is just 22; while MP, Rajasthan and UP are close to Bihar; and states like Maharashtra, Haryana, Karnataka range between 40 and so.

## **3. Demand, Seasonal and Agriculture dependent:**

The basic occupation of people in Rural Indian is Agriculture and agriculture is seasonal. Rural people have money only during the harvest period and most of the harvest periods are celebrated as Festivals in India. Hence, Rural demand is not only harvest linked but also festival linked.

## **4. Characterized by Great Diversity:**

The rural consumers of India are vastly diverse in terms of religious, social, cultural and linguistic factors.

## **5. Steady growth despite inhibiting factors:**

The market has grown not only in quantitative terms, but qualitatively also. Many new products have made entry into rural consumer basket. The upper segment in particular have started buying and using a variety consumer product which were till recently unknown in the rural

## 2.3 RURAL VS URBAN MARKET

Based on the density of population, development, amenities, employment opportunities, education, etc. human settlement is majorly divided into two categories i.e., Urban and Rural. Urban refers to a human settlement where the rate of urbanisation and industrialisation is high. On the other hand, in a rural settlement, is one where the rate of urbanisation is quite slow.

Another important difference between the two human settlements is that while urban areas are highly populated, rural areas have comparatively less population than the urban ones. Take a read of this article, in which we've compiled the important point to distinguish the two.

Basis For Comparison	Urban	Rural
<b>Meaning</b>	A settlement where the population is very high and has the features of a built environment, is known as urban.	An area located in the outskirts, is known as rural.
<b>Includes</b>	Cities and towns	Villages and hamlet
<b>Life</b>	Fast and complicated	Simple and relaxed
<b>Environment</b>	Greater isolation from nature.	Direct contact with nature.
<b>Associated with</b>	Non-agricultural work, i.e. trade, commerce or provision of services.	Agriculture and livestock.
<b>Population size</b>	Densely populated	Sparsely populated
<b>Development</b>	Planned settlement exists in urban areas, that are developed according to the process of urbanization and industrialization.	Developed randomly, based on availability of natural vegetation and fauna in the area.
<b>Social mobility</b>	Highly intensive	Less intensive
<b>Division of labor</b>	Always present at the time of job allotment.	No such division.

## 2.4 IMPORTANCE OF BRANDING

Branding requires vast sums of money, but once invested your business can yield tremendous benefits. This article is targeted toward individuals,

such as business owners and people in management positions, who are not sure whether they should invest in branding or not.

### **The Importance of Branding:**

#### **1. Creates Consumer Preference For The Product Or Service Behind The Brand:**

A wide variety of products leads to confusion. One-way purchasers manage these issues is by leaning towards brands they know and trust. Genuine and widely known brands are viewed as less risky to buy from. Hence, customers believe that the products from brands that are intensively marketed would always perform better. And it is true as the results reflect that. The more you give importance to Branding, it helps in the longer run.

#### **2. Generates Increased Revenues and Market Share:**

When a firm does extensive marketing or branding, its revenues and market share increase. This means that the firm can become stronger than it was before. It can use its power to enter new geographical markets, do co-branding and gain new distribution opportunities. Branded firms are well looked up to. Branding gives you wings to experiment with different sectors of the market.

#### **3. Helps the Company Survive Temporary Crises:**

Toyota, a brand with the best quality, has had some genuine product quality issues in 2009, which created a PR nightmare. However, the company has spent numerous years conveying its “quality” image, which has helped the organization oversee the crisis and re-establish trust in its products. Brand recall is a big part of marketing investments. people realizing that the brand stands for a particular thing is very important.

#### **4. Expands the Organization’s Estimated Worth:**

An organization’s physical resources and the number of workers do not contribute much to its market value. What matters is the brand’s equity. John Stewart, the previous CEO of Quaker says “If the business splits up and I give you the land, bricks, and cement, and take the goodwill and trademarks, I’d still stand better than you.” The company’s worth shows the importance of branding.

#### **5. Keeps New Competition Away:**

A market segment that is targeted by popular brands is a huge hurdle for most new competitors. If you are the first one to create and target a segment, you will gain tremendous benefits. Gaining a first movers’ advantage is a big deal. This helps in making a place in the consumer’s minds and staying that way.

## **6. Increases Employee Productivity:**

When your brand is well-known, people will want to work for you. This opens your company up to the top talent and provides you with the most qualified and skilful employees for your company. Once you have the best people for the job, your company's productivity level will increase as well.

## **7. Increases Profitability by Commanding A Higher Price:**

This is one of the most important reasons for the significance of marketing. Clients tend to be more willing to pay a premium for a well-established brand's product compared to a similar item from a brand that isn't as well-known.

When you are a huge firm and the biggest customer of your suppliers, they will never want to lose you. You can use this power to insist that quality products are on time and to bargain over prices as well. Often, they will take a pay cut just to keep working with your company.

## **8. Helps the Company Attract New Distribution For Its Products:**

A popular brand with known customer loyalty has few issues discovering distribution partners, on a local and global scale. Everyone wants to work with a brand where the client demand and return on investment are high.

When employees work for a well-known brand, they showcase a sense of loyalty and purpose. This means that the employee turnover rate would drop dramatically because employees believe in what their company is doing and are proud of it.

## **11. Makes A Remarkable and Unique Brand Image:**

A brand goes well past the offering of a tangible product. If your business is unique from the rest, you will attract a market in which your competitors are not able to compete.

Investors always go after brands that are strong enough to inspire their target audience and genuine enough to gain their trust. An investor would never want to invest in a weak brand that only showed potential risk.

When you invest in your company's branding efforts, the opportunity for growth is limitless. The most important aspect to keep in mind is how you will execute your branding strategy so it can have the most impact.

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## **2.5 SCOPE AND IMPORTANCE OF TRANSPORTATION NETWORKING IN RURAL MARKETS**

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### **2.5.1 Scope:**

Rural community members primarily use six types of transportation to move around their environment. Depending on the community, some

types of transportation may be more commonly available than others. These include:

- Buses, including those that operate within and between communities
- Passenger train service, including Amtrak or commuter rail lines
- Passenger air service, which can be commercial, private, or semi-private
- Personal vehicles like automobiles, including vans and cars for hire like taxis or ride-sharing services, and golf carts or all-terrain vehicles (ATVs)
- Pedestrian transportation, which includes walking and bicycling
- Boats, which may be personally owned or operated as a ferry service

Transportation refers to any vehicle or activity that moves people and goods from one place to another. In the United States, key modes of transportation for people and goods include buses, trains, trucks, cars, airplanes, and other forms of motorized vehicles. However, transportation can also refer to bicycles, boats, and even pedestrian traffic.

Both public and private authorities can manage transportation systems, which can involve maintaining and updating infrastructure to ensure the system runs smoothly. **Transportation infrastructure** may include roads, bridges, bus stations, train tracks, airports, sidewalks, or ferry terminals.

### **2.5.2 Importance:**

Access to transportation contributes to the economic development, health, and quality of life of rural communities. Reliable transportation is needed for rural residents to access healthcare services, consumer services, employment and educational opportunities, and social services. It is also important for accessing recreation and other activities of daily life.

### **Healthcare Services:**

Access to safe and reliable transportation impacts the health and well-being of rural populations. Transportation is necessary for accessing healthcare services in rural communities, particularly in communities where walking or cycling may not be feasible alternatives to reach a healthcare provider. Rural populations rely on personal vehicles, public transport, and non-emergency medical transport to meet their healthcare needs. The American Public Transportation Association reports medical services as the final destination for nearly 9% of public transit riders in small urban and rural areas.

When these forms of transportation are unavailable, unaffordable, or difficult to access, rural community members may not be able to receive important services. Barriers to transportation can result in missed healthcare appointments, delays in receiving healthcare interventions, and missed or delayed use of needed medications—all of which may

have negative consequences for managing health conditions. Not having a reliable source of transportation can impact how rural community members make decisions about healthcare. Even when they do have access to transportation, long travel distances can affect their health. For example, care may be delayed to avoid taking time away from work, school, and other commitments.

### **Employment and Educational Opportunities:**

Commuting to places of employment is an essential use of transportation services in rural areas. Economic stability for many rural residents is dependent on a reliable means of transportation to a place of employment. In a survey of small urban and rural public transit riders, one report found 34% of all public transit trips accounting for work as the primary destination. For some rural residents, longer commute times and lack of transportation options are common barriers to employment. Existing transportation assistance services may have higher costs per rider in rural areas when compared to urban areas, primarily due to long travel distances and low population densities.

Expanding a communities' access to education improves its economic competitiveness and livability. There is a significant need in rural areas for transportation to and from schools for access to all levels of education. The American Public Transportation Association reports that 12% of all public transit rides are to and from school. Rural children face increased travel time due to the long distances needed to travel to school in rural communities.

### **Access to Social Services and other Community Activities**

Limited transportation options may prevent rural residents from accessing social services and consumer needs (such as running errands or shopping). In more remote locations, transportation may be essential to ensure civic engagement and other types of engagement in community life. Voting for local, statewide, and national elections can be a challenge for those living in rural areas because of limited voting places and transportation options. Tribal populations in particular lack sufficient access to polling places.

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## **2.6 SUMMARY**

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- Based on the density of population, development, amenities, employment opportunities, education, etc. human settlement is majorly divided into two categories i.e., Urban and Rural.
- Urban refers to a human settlement where the rate of urbanisation and industrialisation is high.
- Branding requires vast sums of money, but once invested your business can yield tremendous benefits.
- A market segment that is targeted by popular brands is a huge hurdle for most new competitors.

- Clients tend to be more willing to pay a premium for a well-established brand's product compared to a similar item from a brand that isn't as well-known.
- Transportation refers to any vehicle or activity that moves people and goods from one place to another.
- Rural populations rely on personal vehicles, public transport, and non-emergency medical transport to meet their healthcare needs.

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## 2.7 EXERCISE

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### Short questions:

1. Explain the meaning of Transportation infrastructure.
2. Write a note on Brand.
3. Explain the term Urban market
4. How does branding increases employees productivity? Explain.
5. Which are the different categories of rural marketing?

### Long questions:

1. Explain the profile of rural marketing.
2. Differentiate between Rural Vs Urban Market.
3. Discuss the importance of Branding.
4. Explain the importance of Transportation Networking in rural markets.
5. Describe the scope of Transportation Networking in rural markets

### Multiple Choice Questions:

1. Many companies are now turning their attention to \_\_\_ markets.
  - a. Urban
  - b. Rural
  - c. World
  - d. None of these
2. \_\_\_ distribution system can be used to penetrate the rural market.
  - a. Satellite
  - b. selective
  - c. exclusive
  - d. intensive



3. If done through \_\_\_ the rural marketing would be more effective.
  - a. fairs
  - b. village fairs
  - c. door to door campaign
  - d. All of these
4. For rural marketing \_\_\_ pricing is more suitable.
  - a. Penetration
  - b. skimming
  - c. going rate
  - d. none of these
5. The rural marketing is not required because \_\_\_\_\_.
  - a. rural people do not understand marketing
  - b. rural people do not understand marketing
  - c. it is sheer wastage of time
  - d. All are wrong

**Answers:** 1-b, 2- a, 3-b, 4-a, 5-d

**Fill in the blanks:**

1. Market Segmentation is a process of defining and breaking heterogeneous market into \_\_\_\_\_ sub-markets or segments.
2. In marketing, Channels of Distribution indicate the routes or pathways through which goods and services flow from \_\_\_\_\_.
3. The process of dividing a market into groups is called \_\_\_\_\_.
4. \_\_\_\_\_ one of the basic objectives of the Consumer Protection Act, 1986.
5. Labelling refers to designing the \_\_\_\_\_ and putting it on the package.

**Answers:**

1. Homogenous
2. producers to consumers
3. market segmentation
4. Protection to consumers from exploitation
5. Label

**True or false:**

1. Rural customer is price sensitive.
2. Need recognition is the first step in a buying decision.
3. Rural India presents a homogeneous market.
4. Rural customers are more brand loyal than urban customers.
5. Rural consumer, in general, is less sensitive to product prices than the urban consumer.

**Answers:**

True: 1, 2 and 4

False: 3 and 5

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## PROBLEMS OF RURAL CONSUMER

### Unit Structure

- 3.0 Objectives
- 3.1 Introduction
- 3.2 Adulteration
- 3.3 Short Weight and Measures
- 3.4 Unfair Warranties and Guarantees
- 3.5 Unreasonable Pricing
- 3.6 Challenges and Future of Rural Marketing
- 3.7 Summary
- 3.8 Exercise

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### 3.0 OBJECTIVES

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- To discuss Adulteration; problem among Rural Consumer
- To discuss Short Weight and Measures among Rural Consumer
- To explain Unfair Warranties and Guarantees
- To discuss Unreasonable Pricing
- To analyze Challenges and Future of Rural Marketing

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### 3.1 INTRODUCTION

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Rural customers have low income, low purchasing power, low literacy rate, and, therefore, low standard of living. But picture is now changing and marketers can have better opportunities than ever. Low standard of living restricts their buying ability and pace of adopting products.

The low literacy levels in rural areas leads to a problem of communication. Print media has less utility compared to the other media of communication. Transportation is one of the biggest challenges in rural markets. As far as road transportation is concerned, about 50% of Indian villages are connected by roads.

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### 3.2 ADULTERATION

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Adulteration is a very serious problem posing serious health risks to many in India. In every product there is adulteration. Starting from our daily groceries, it moves on to our life saving medicines. The sinners have not spared even infants' milk products.

Food is one of the basic necessities for sustenance of life. Pure, fresh and healthy diet is most essential for the health of the people. It is no wonder to say community health is national wealth.

Among man's everyday needs, food plays a major sustaining role. From the simple dish to the most elaborate haute cuisine, food preparation is as varied and rich as a man's taste. The lure of riches and general apathy towards mankind has led to adulterants being added to food from the simple stones in rice to the more harmful brick and boric powder.

What is food adulteration? Food adulteration is an act of adding or mixing of poor quality, inferior, harmful, substandard, useless or unnecessary substances to food. This act of spoiling the nature and quality of food items is considered food adulteration.

Types of adulteration: Food items, medicines, vegetables, paste, creams, products of famous brands and so on and so forth. May be because of this adulteration, people who consume such adulterated food suffer with upset stomach and other health related issues. I can say more than 20 per cent patients who visit a doctor or any clinic or any hospital are those who had consumed such adulterated food and food products.

Adulterated food is dangerous because it may be toxic and can affect health and it could deprive nutrients essential for proper growth and development of a human being.

The worst part is some adulterated food even causes cancer, the most life threatening disease. Also, in many cases which I have come across, many pregnant women who consumed such adulterated food ended up with miscarriages because of poor fetus growth and in some extreme cases the women died while delivering babies.

Food adulteration is one of the serious challenges in the Indian society. Despite various measures and penalties, the problem continues to remain a big challenge. The saddest part is those who engage in such dirty practice do not leave even infants' milk products and life saving medicines.

Adulteration of food is a menace to the society and the perpetrators cannot be let off lightly.

After the arrival of fast food concept and online order practices, the consumers really do not bother what type of food is being served to them. They totally forget the health aspect and only concentrate to get their order served at their doorsteps. Taking advantage of a consumer's laziness, many restaurants and food joints which serve food do not bother to give importance to the quality aspect of the food but only want to satisfy their customers by serving them on time.

Why do companies engage in adulteration? Their one and only intention is that they want to increase their profit margin and want to earn big in a short time. Just to make more profit and money, risking other's lives is absolutely an unethical practice. But they do not bother at all.

The central government, on its part, is trying everything possible to control this “crime”. In India, the ministry of health and family welfare is completely responsible for providing safe food to the citizens. The Prevention of Food Adulteration Act, 1954, has laid down guidelines to provide pure and wholesome foods to consumers. The Act was last amended in 1986 to make punishments more stringent and to empower consumers further. But the government is planning to enforce harsher punishment now.

The FSSAI has issued the draft amendments to the Food Safety and Standards (FSS) Act, which was passed in 2006 but the regulations were notified only in 2011. Among the key amendments, the FSSAI has proposed to include a new section to crack down on food adulteration.

People need to be very cautious when they buy products from stores and malls. They should check for standards like ISI standard mark, Agmark for quality products, FSSAI standard mark, date of packing and date of expiry etc. If none of the prescribed standard marks is there, then they should totally avoid buying such products.

The government must focus on dealing strictly with those who engage in food adulteration. One way of doing this is by hiking the penalty, including making it analogous to attempt to murder in some extreme cases of adulteration.

It is equally important to regularly check food stuff for adulteration and ensure speedy trials through specific fast track courts.

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### 3.3 SHORT WEIGHT AND MEASURES

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Weights and measures are **units of measurement subject to governmental regulation, to ensure fairness and transparency.** Weights and Measures may also refer to: Various Weights and Measures Acts. The International Bureau of Weights and Measures, the international standards organisation and its subsidiary.

The law relating to weights and measures today evolved so that: security of uniform system of units of weights and measures could be established; controls could be placed over weighing and measuring equipment in use for trade; the public could be protected against short quantity in the sale of goods.

W&M regulatory officials set standards and enforce uniform procedures to verify weight, volume, length, or count, **ensuring that consumers get the quantity that they pay for and that businesses sell the quantity that they advertise.**

Most UK weights and measures legislation is enforced by Local Authority Trading Standards (or the Department for the Economy in Northern Ireland). For business-specific advice on complying with the regulations, contact your local Trading Standards service.

### 3.4 UNFAIR WARRANTIES AND GUARANTEES

In rural market a shopkeeper unfair trade practices refer to the use of various deceptive, fraudulent, or unethical methods to obtain business. Unfair business practices include misrepresentation, false advertising or representation of a good or service, tied selling, false free prize or gift offers, deceptive pricing, and noncompliance with manufacturing standards. Such acts are considered unlawful by statute through the Consumer Protection Law, which opens up recourse for consumers by way of compensatory or punitive damages. An unfair trade practice is sometimes referred to as “deceptive trade practices” or “unfair business practices.”

Rural people nowadays are no longer ignorant and resigned to their fate. Today a rural buyer not only has purchasing power but he is also better informed about the price and demand of the products for which the money is being spent. They are looking for better quality, durability and multi utility of the products and services offered in the market to them.

#### **Socio-cultural Factors:**

Socio-cultural environment is an important part of environment — culture, traditions, beliefs, values and lifestyle of the people within a limitation of society constitute the socio-cultural environment.

The following elements play a big role in the decision-making stage to a large extent as to what the people will buy and how they will consume.

If an item that you have bought is faulty, you have the right to return the item to the retailer and request a repair, replacement or refund. These rights are known as your statutory rights. Find out more about your rights when goods are faulty.

There are some products (for example, electrical, furniture or appliances) that come with a commercial guarantee or warranty. The terms guarantee and warrantee can often be used interchangeably and it can sometimes be difficult to know the difference between a guarantee and a warranty.

#### **The main differences are:**

- **Guarantees** are usually free and offered by the manufacturer
- **Warranties** usually cost money and may be offered by the shop where you are buying the product

Your **statutory rights** apply to products you buy. A warranty or guarantee can give you extra protections but it does not replace your statutory rights.

A warranty (or extended warranty) may be offered by a retailer at extra cost and acts as sort of insurance policy. It covers the item or service after the manufacturer’s guarantee period. Benefits of having a warranty

may include paying some of the cost of a repair if the product breaks or becomes faulty. Warrantees may also offer extra cover for accidental damage.

A warranty is completely optional. You should carefully check what the warranty covers and whether you really need to buy it.

If a product or service comes with a guarantee, or you are offered a warranty at extra cost, you should read the terms and conditions carefully to check the following:

- If you need to do anything to activate it. For example, you may need to fill out a registration card and send it to the manufacturer to activate a guarantee. Failure to do so may mean that the guarantee is not valid.
- What exactly is covered? For example, does it cover parts only, is the cost of labour included, and will you be offered a replacement while the product is being repaired?
- Who will be honoring the guarantee or warranty? This may be the seller, manufacturer or a third party.
- How do you make a claim?
- How long will the cover last? For example, 12 months.
- Are there geographical restrictions? For example, if you buy the product in a different country will the warranty cover you for servicing in Ireland.
- What will it actually cost for repairs under a warranty and is it worth paying extra for this additional cover? For example:
  - Is there a certain amount that you must pay, and the balance is covered by the warranty?
  - Would it be cheaper to repair or replace the item rather than buy an extended warranty?
  - Is the item already covered under your home insurance?

If you are having problems using a guarantee or warrantee, you should first complain to the guarantor (the retailer or the manufacturer). You can get more advice on how to make a complaint.

If you cannot resolve the problem directly with the seller or manufacturer or you are not happy with their response, you can consider taking a claim against the seller using the small claims procedure.

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### 3.5 UNREASONABLE PRICING

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**Unreasonable price** means when the recycled product cost is greater compared to virgin material cost. Unreasonable price is not a factor when



minimum content standards are specified in the statement of work/procurement request because price estimates will only be obtained from vendors who can supply products meeting recovered material content requirements.

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### **3.6 CHALLENGES AND FUTURE OF RURAL MARKETING**

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#### **3.6.1 Challenges and Future of Rural Marketing:**

The peculiarities of rural markets and rural consumers pose challenges to marketers in reaching them effectively. There are a large number of small villages which are not easily accessible because of all weather roads. The main challenges of rural marketing are discussed below: Transportation problems Transportation is essential for movement of products from urban production centers to remote villages. In rural India transportation facilities are quite poor. Nearly 80 percentages of villages in the country are not connected by well constructed roads. Many parts of India have kuccha roads. Due to poor transportation facilities it is not possible for a marketer to access the rural market.

Warehousing problems A storage function is necessary because there is a time gap between production and consumption of commodities. Agricultural commodities are produced seasonally but they are demanded over the year so there is need to store them. But in rural areas, there is lack of public as well as private warehousing. Marketers face problems of storage of their goods.

Underdeveloped people and underdeveloped markets Rural society in India is underdeveloped. Modern technology has tried to develop the people and markets in rural areas. But the technology has made very less impact in rural areas.

Inadequate media coverage Media have lots of problem in rural areas. Television is a good source to communicate the message to rural people. But due to non availability of power as well as television sets, majority of rural population cannot get the benefits of various media

Many languages India is a country of many languages. Language becomes barrier in effective communication in the market efforts. The number of languages vary from state to state, region to region and district to district, etc.

Low level of literacy the literacy rate is low in rural areas as compared to urban areas. Marketers face communication problem due to the lack of literacy rate. Print medium is not much effective and it is irrelevant since its reach is poor. So, low level of literacy becomes challenge for marketers in rural areas.

Seasonal demand Seasonal demand is main problem of rural market. Agriculture situation plays a significant role in the demand of commodities in the rural market because it is the main source of income.

Again, agriculture depends on monsoon so buying capacity of rural consumers varies. Despite this, many rural areas are not connected by rail transport. Kuccha roads become unserviceable during monsoon.

### **3.6.2 Future of rural marketing:**

Many businesses in developing countries have realized that serving rural markets is not about simply selling products. They have expanded the nature of their businesses from mere commercial motives to social ones as well. The businesses succeed if they go beyond their mandate of making profits. The future rests on three paradigm shifts taking place in rural approaches – innovation, transformation of companies into social enterprises and technological advancements that bring rural consumers closer to companies.

This means that companies need to reinvent their business models and their very approach of doing business. Such companies stand a greater chance of success and long-term survival in rural areas. We have taken elements from the business models of these companies to figure out what the future looks like.

Competitive markets, macroeconomic stability, and public investment in the physical and social infrastructure are widely recognized as important requirements for sustained economic growth and reduced poverty. In addition, the first requirement of a strategy to reduce rural poverty is to provide the enabling environment and resources for those in the rural sector who are engaged in the agricultural production and distribution system.

Other policy components for national strategies—involving the government, the private (for-profit) sector, and civil society—to reduce rural poverty can include:

#### **Information gathering:**

The rural poor face many different problems and are not a homogeneous group. Therefore, a sustained effort must be made to gather information about the particular problems they face so that they can be adequately addressed.

#### **Focus on building assets:**

The government should assess what assets the poor need most to help them earn more. This could be agricultural land or other resources, access to credit, or improvements in health and education. Dependence on raw labor, without a focus on building other assets, is the single most important source of persistent poverty.

#### **The right to adequate land and water:**

A broad-based land reform program—including land titling, land redistribution, and fair and enforceable tenancy contracts—is critical for

reducing rural poverty. It can make small (marginal) landowners and tenants more efficient producers and raise their standards of living.

**Basic health care and literacy:**

The rural poor need to build and strengthen their human capital so they can get out of poverty and contribute more to the economy and society. Basic health care (immunization, provision of clean water, and family planning) and education (literacy, schooling, and technical training)—particularly for women and children—are essential building blocks and should be accessible at reasonable cost.

**Local involvement:**

The infrastructure and services associated with health and education can be funded and maintained best if the target groups are involved in making decisions about the design, implementation, monitoring, and accountability.

**Providing infrastructure:**

The rural poor cannot make the best use of their resources, including human capital, if either the quantity or the quality of some of the key parts of the country's physical infrastructure (irrigation, transport, and communications) and support services (research and extension) is inadequate. The social and physical infrastructure and services can be funded and maintained best—that is, they will be cost-effective and of reasonable quality—if the target groups are involved in designing, implementing, and monitoring them, as well as in ensuring accountability of the government officials responsible for them.

**Targeted credit:**

Informal and formal sources of credit often are too costly for, or unavailable to, the rural poor. Targeted public sector rural credit programs, especially if they are subsidized, benefit the nonpoor far more than the poor. The poor want credit that is available on acceptable terms and when they need it. Recent experiments with community-based credit programs, in which the poor actively participate in the making of lending decisions that are subject to peer accountability, have been successful in reaching target groups at reasonable cost.

**Public works:**

A large and increasing proportion of the rural poor depends on wage labor, because they have either no asset other than raw labor or very few assets: limited quantities of land and domestic animals. A flexible public works program can greatly help the near landless and the landless smooth out household consumption and avoid transient poverty. If it is used on a sustained basis, it can also strengthen the bargaining power of the poor in rural areas.

### **Decentralized food programs:**

Some of the rural poor, both individuals and households, suffer from inadequate nutrition most of the time. They need different kinds of support, depending on their circumstances. These may include food supplement programs; food assistance provided through schools, health care clinics, and community centers; and cash transfers. Decentralized and targeted programs seem to work best.

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### **3.7 SUMMARY**

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- Adulteration is a very serious problem posing serious health risks to many in India. In every product there is adulteration.
- Food is one of the basic necessities for sustenance of life.
- Food adulteration is one of the serious challenges in the Indian society.
- Unfair business practices include misrepresentation, false advertising or representation of a good or service, tied selling, false free prize or gift offers, deceptive pricing, and noncompliance with manufacturing standards.
- Socio-cultural environment is an important part of environment — culture, traditions, beliefs, values and lifestyle of the people within a limitation of society constitute the socio-cultural environment.
- Unreasonable price means when the recycled product cost is greater compared to virgin material cost.

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### **3.8 EXERCISE**

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#### **Short questions:**

1. Explain the term of Adulterated food.
2. Describe the unreasonable price.
3. Discuss the term FSSAI
4. What do you mean by Adulteration?
5. Analysis the Socio-cultural Factors of Rural consumer.

#### **Long questions:**

1. Write note on Adulteration in rural people.
2. Write note on Unfair Warranties and Guarantees in rural people.
3. In rural market how consumer facing the Short Weight and Measures?
4. Write a note on Food adulteration.
5. Explain challenges faced by Rural marketing.

**Multiple Choice Question:**

1. Marketing research is a part of \_\_\_ stage of rural marketing strategy.
  - a. Planning
  - b. Execution
  - c. Feedback
  - d. none of these
2. Markets popularly known as haats and shandies are \_\_\_ markets.
  - a. Rural
  - b. Urban
  - c. National
  - d. None of these
3. General rural markets where rural /tribal people gather once or twice a week on a fixed day to exchange/to sell their produce is called \_\_\_\_\_.
  - a. Regular periodic market
  - b. Seasonal market
  - c. Daily market
  - d. Rural market
4. Markets located in the heart of the region specializing in few crops like banana, onions etc are called \_\_\_\_\_.
  - a. Regular periodic market
  - b. Seasonal market
  - c. Daily market
  - d. Rural market
5. White revolution refers to \_\_\_\_\_.
  - a. Aquaculture
  - b. Milk
  - c. poultry
  - d. None of these

**Answers:** 1 - a, 2- a, 3- a, 4-b, 5-b

**Fill in the blanks:**

1. Permanent rural market with continuous trading activity is called \_\_\_\_\_.
2. Profiling the rural market is a part of \_\_\_\_\_ stage of rural marketing strategy.
3. \_\_\_\_\_ is the main occupation in the rural economy.
4. Moderate quality products are preferred by \_\_\_\_\_ consumers.
5. Moderate quality products are preferred by \_\_\_\_\_ consumers.

**Answers:**

1. Daily market
2. Planning
3. Agriculture
4. Rural
5. Rural

**True or false:**

1. Adulteration is a very unimportant problem posing serious health risks to many in India.
2. The FSSAI has issued the draft amendments to the Food Safety and Standards (FSS) Act, which was passed in 2001.
3. Unfair business practices include misrepresentation.
4. **Guarantees** are usually free and offered by the manufacturer.
5. **Warranties** usually cost money and may be offered by the shop where you are buying the product.

**Answers:**

True: 1 and 2

False: 3, 4 and 5

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### CONSUMER BEHAVIOUR

#### Unit Structure

- 4.0 Objectives
- 4.1 Introduction
- 4.2 Characteristics of Buying Behaviour
- 4.3 Importance of Rural Marketing Communication
- 4.4 Salesmen Influence
- 4.5 Summary
- 4.6 Exercise

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#### 4.0 OBJECTIVES

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- To explain the characteristics of Buying Behaviour
- To discuss the importance of Rural Marketing Communication
- To understand Influence of Salesmen in consumer behaviour.

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#### 4.1 INTRODUCTION

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Consumer buying behaviour is the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society.

Marketing success or failure of a company depends on target consumers' individual and group reactions expressed in the form of buying patterns.

Since customer is the reason why any organization exists, it is necessary to understand the customer and study the pattern of his buying behaviour.

Consumer buying behaviour is the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society.

Marketing success or failure of a company depends on target consumers' individual and group reactions expressed in the form of buying patterns. Since customer is the reason why any organization exists, it is necessary to understand the customer and study the pattern of his buying behaviour.

According to Frederick Webster- "Consumer buying behaviour is all psychological, social and physical behaviour of potential customers as they become aware of, evaluate, purchase, consume and tell other people about products and services."



### 1. Bargaining:

A trend of bargaining is often found in the behaviour of buyers. They prefer buying goods by reducing the price as told by the seller. Indian buyers too do not frame uniform price policy. The trend of bargaining is still in vogue in the Indian markets.

### 2. Quality vs. Price:

Buyers focus on price instead of the variety of the goods. They therefore, prefer high price goods. A little bit change has come now because the consumers have now begun purchase of quality goods on higher price.

### 3. Brand or Trademark Consciousness:

It is the characteristic of the behaviour of buyer that he appears now aware of the brand of items and considers these goods authentic and of higher quality.

### 4. Changing Consumption Patterns:

Owing to widespread education, increase in income and standard of living as also desire of more comforts, the pattern of consumption is now being changed. The low income group and high income group are increasingly buying fridge, tape recorder, cooler, sewing machines etc.

### 5. Role of Women:

The role of women is increasing day to day in the manner of decisions for purchase. The women do purchase of all kinds particularly in families where the husbands earn the bread.

### 6. Credit and Guarantee:

New motives for purchase are getting their way rapidly because of having credit and guarantee facility available in the market. Such facilities are developing the trade and commerce.

### 7. Complaining:

Buyers are gradually being aware of their rights. They have started exhibiting their complaints through media and the representations before the concerned authorities and the forums. They can lodge their complaint before consumer forum and thus, can receive the compensation against the damage/loss so sustained.

#### 4.2.1 Awareness:

Awareness is a key component of marketing efforts, as harried consumers overwhelmed by the amount of commercial messaging they see or hear use mental shortcuts to make their decision. Imprinting in their minds

what your brand is and what it stands for can increase sales, particularly in areas where few obvious differences are apparent among competitors.

### **Buying Habits:**

Studies have shown that customers decide more quickly from among a number of options that includes one known brand than they decide with a set that includes only unfamiliar ones. Upon exposure to other brands, the instances of selecting the original based on awareness declined, but most still chose the same high-awareness brand they picked initially. Consumers in a study conducted under the auspices of two Australian universities sampled fewer brands in product trials when there was awareness of one of the brands than in studies in which all were unknown.

### **Implications:**

Building brand awareness can increase your market share in a number of ways. Being the first to get your brand implanted in customers' minds increases the barrier to entry that other brands may face later. If your industry is more competitive or already has established players, you'll likely have to be more aggressive in your approach, but you still can become one of the brands consumers consider if they become more aware of your name. The Australian study also indicated that the awareness effect is mediated by cost, so increasing brand awareness cannot necessarily be followed by an increase in the price of your product or service.

### **Techniques:**

To build brand awareness, you must make sure your target market is exposed to your products and recognizes them in multiple ways. An identifiable logo and distinct brand message can present the repetition that can make your name memorable. Getting your brand exposed to the audience can take place via multiple distribution platforms, from direct marketing to traditional advertising to social media to public relations. While the strategy for each particular campaign may vary, a consistent depiction of the brand, and a commitment to following up on the promises made in the initial exposure, help bring your product to the forefront of consumers' minds when it's time to make a decision to purchase.

### **4.2.2 Understanding:**

Buying behavior patterns are not synonymous with buying habits. Habits are developed as tendencies towards an action and they become spontaneous over time, while patterns show a predictable mental design.

Each customer has his unique buying habits, while buying behavior patterns are collective and offer marketers a unique characterization. Customer behavior patterns can be grouped into:

### **1. Place of purchase:**

Most of the time, customers will divide their purchases between several stores even if all items are available in the same store. Think of your favorite hypermarket: although you can find clothes and shoes there as well, you're probably buying those from actual clothing brands.

When a customer has the capability and the access to purchase the same products in different stores, they are not permanently loyal to any store, unless that's the only store they have access to. Studying customer behavior in terms of choice of place will help marketers identify key store locations.

### **2. Items purchased:**

Analyzing a shopping cart can give marketers lots of consumer insights about the items that were purchased and how much of each item was purchased. Necessity items can be bought in bulk while luxury items are more likely to be purchased less frequently and in small quantities.

The amount of each item purchased is influenced by the perishability of the item, the purchasing power of the buyer, unit of sale, price, number of consumers for whom the item is intended, etc.

### **3. Time and frequency of purchase:**

Customers will go shopping according to their feasibility and will expect service even during the oddest hours; especially now in the era of e-commerce where everything is only a few clicks away.

### **4. Method of purchase:**

A customer can either walk into a store and buy an item right then and there or order online and pay online via credit card or on delivery.

The method of purchase can also induce more spending from the customer (for online shopping, you might also be charged a shipping fee for example).

The way a customer chooses to purchase an item also says a lot about the type of customer he is. Gathering information about their behavior patterns helps you identify new ways to make customers buy again, more often, and higher values.

#### **4.2.3 Consumer Purchase Decision:**

This is the moment the consumer has been waiting for: the purchase. Once they have gathered all the facts, including feedback from previous customers, consumers should arrive at a logical conclusion on the product or service to purchase.

If you've done your job correctly, the consumer will recognize that your product is the best option and decide to purchase it.

Example: The customer finds a pink winter coat that's on sale for 20% off. After confirming that the brand uses sustainable materials and asking friends for their feedback, she orders the coat online.

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### **4.3 IMPORTANCE OF RURAL MARKETING COMMUNICATION**

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Urban methods of communications, or those used in developed countries, consist of spraying consumers with advertising and beautiful images in the manner of using insect sprays, and then waiting for customers to turn up to buy products. The sprays have to be changed periodically as consumers become immune to advertising. In rural markets, it is quite a different ball game.

**Companies are likely to face the following challenges while communicating with rural audiences:**

**i. Low Literacy Levels:**

Rural areas suffer from low literacy. Customs and traditions rule, which makes adoption of new products and practices difficult. There is also a limited penetration of print media in rural markets. Companies, therefore, face difficulties in developing their communication mix.

**ii. Media Reach and Exposure:**

Though media reach is improving over the years, it is still poor in many villages. In many media-dark villages, there is limited access to television, radio and print, and hence people have limited exposure. Suitable media vehicles just do not exist.

**iii. Diverse Audiences:**

Villages in India show diverse cultures, languages, varied customs and traditions and lifestyles. This makes one-size-fits-all strategy irrelevant. Companies, used to urban-oriented mass campaigns, find it difficult to tailor-make campaigns for every region.

**iv. A Dearth of Information:**

There is a shortage of information in rural areas. Lack of good local content and reliable information providers add to the dearth of relevant information that villagers can use.

**v. Scattered Audiences:**

Mass media finds it difficult to penetrate rural areas because audiences are scattered over large distances.

**vi. Lack of Well-Developed ICT Infrastructure:**

Internet penetration is limited because of lack of ICT infrastructure. This is changing as there is increasing use of mobile phones in rural markets.

### 1. The Quality of Product:

The quality of your product or service does matter. Your best salespeople may be able to talk prospects into buying what your company has to offer the first time. But if the product is of low quality, it would be difficult to convince them to become repeat clients.

It's also worth noting that negative reviews usually influence 86% of buying decisions. So, it may not matter how good your salespeople are. Neither would it matter what kind of best practices you implement to improve your sales performance.

The product quality, as well as your customers' perceptions of it, could be affecting your sales volume. Any feedback from your salespeople indicating this should be passed onto other relevant departments. These may include the marketing, engineering, and product quality assurance departments.

### 2. The Pricing of Your Product:

Research shows that 35% of salespeople consider overcoming objections to price as one of their biggest challenges. Pricing may not be something that you may have any control over. But pricing is an essential factor when selling. So, you may want to talk to your seniors to determine whether something can be done to reduce prices. Could your salespeople offer discounts for large volumes? Should the base price be reduced altogether?

How much your product costs will determine the volume of sales your company makes. It's, therefore, essential for you to address that issue. It may be the thing that prevents your sales team from performing well.

### 3. The Customer Care Service:

By the time prospects get into contact with your sales team, it's quite likely they have already been in touch with other departments within your company. They may have already contacted your marketing department or your customer care representatives.

The lifetime value of customers that have been referred to your company is 16%-25% higher than that of non-referred customers. There is just one problem: customers are likely to refer others to your company if they have had a positive experience. And that positive experience is determined by the organization's customer care representatives.

Salespeople tend to get training that equips them to sell. They may try to do what they can to make existing customers happy. But that is a specialized skill set they may lack.

#### **4. The Quality of Salespeople:**

Soft skills are some of the most underrated skills there are. Many people don't think that skills such as time management, communication, problem-solving matter. But they do. Studies show that 60% of salespeople who work on their soft skills will hit their sales targets compared to 53% of those who don't.

But there are other challenges as well. About 46% of salespeople did not even intend to go into sales as a career. Many sales reps may not even have a passion for their jobs. And 68% of them already have one foot out the door because they are determined to look for another position within the year. They are not happy with their job situation at the moment.

A bad hire is not something that you can always wish away. The skillset of your salespeople matters. Some people don't have it to be empathetic, time conscious, problem solvers, etc. And if someone lacks passion for the job, then you can't force them to display it when working.

If your sales department is not performing well, it may be time for new hires. That may mean coordinating with the human resource department to make it happen because it's their responsibility. The choices they make in this regard will determine whether your sales team performs better in the future.

#### **5. The Budget for Sales Activities:**

You need to spend money to make money. Activities such as prospecting, qualifying leads, meeting prospects, driving to see prospects, making presentations, training, etc., require money to happen.

But what if the company you work for is underfunded? Or what if your organization does not provide enough financing for sales activities?

Research shows that around 20% of sales teams don't have enough resources to reinforce their sales processes. Yet, companies with dedicated sales enablement have a higher win rate of 52.1%

#### **6. The Lack of Enough Employees:**

For your sales team to have a good performance, they must spend time selling your company's products. But this is not the case for many salespeople.

81.6% of top performers usually spend at least four hours on sales-related activities. But most sales reps only spend 34% of their time on selling. The rest of their working time is spent on writing emails, data entry, attending meetings, etc.

While some of these activities are relevant to the sales process, they distract your salespeople from their core job, which is to sell. If your sales team is always doing many tasks that prevent them from selling, it could

indicate that your company does not have enough employees. And that is something that your sales department may not have any control over.

You could try to improve your salespeople selling time by fighting for more staff to be added. If your company is operating on a tight budget, you could ask for freelance help, which is cheaper.

## **7. The Lack of Collaboration across Departments:**

Selling requires collaboration. It's not just members of your sales team that should work together. Your department must also communicate with other departments to achieve company quotas.

### **Here are some facts to ponder on:**

Did you know that 44% of decision-makers consider the company's website as the marketing asset that influences them most when making a purchasing decision?

Despite 85% of the marketing departments saying that supporting sales is their priority, 56% of salespeople must prepare their materials.

Top salespeople believe social selling tools, CRMs, sales intelligence tools, productivity apps, email tracking tools, etc., are essential to their success.

Collaboration across multiple departments is necessary for sales teams to succeed. But not every company has a collaborative work environment.

Some organizations have departments that are too autonomous. As a result, they fail to share information and work together to improve their bottom line.

## **8. The Market Forces:**

Sometimes, your sales performance will be subject to market forces. The economic forces of supply and demand sometimes have nothing to do with government or company policy. They tend to be external.

Unfortunately, life is unpredictable. Covid-19 pandemic is an excellent example of just how unpredictable life can be.

The pandemic has had a catastrophic effect on working hours and earnings. It has disrupted supply chains at a global level. Its impact has affected the market forces and prospects' ability to buy.

The average company tends to have strategy horizons of four years or less. And only 6% of companies have horizon strategies of six years or more. There is so much that a company can foresee and safeguard itself against. It's impossible to know everything that will happen in the future.

If your sales team is currently performing dismally, it could be due to the Covid-19 pandemic. The market forces could be against you.

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## 4.5 SUMMARY

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- Consumer buying behaviour is the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society.
- Urban methods of communications, or those used in developed countries, consist of spraying consumers with advertising and beautiful images in the manner of using insect sprays, and then waiting for customers to turn up to buy products.

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## 4.6 EXERCISE

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### Short questions:

1. Explain the definition of Consumer buying behavior.
2. How to give proper information regarding purchasing of product?
3. Is rural consumer facing this issue Low Literacy?
4. Write note on Consumer Purchase Decision
5. Explain the term Scattered Audiences.

### Long questions

1. Who are an influencer in rural area?
2. What are the importance of Rural Marketing Communication?
3. Which are the characteristics of Buying Behavior?
4. Explain the Urban methods of communications.
5. How rural consumer purchase their product?

### Multiple Choice Question

1. The role of \_\_\_\_\_ is increasing day to day in the manner of decisions for purchase.
  - a. women
  - b. men
  - c. child
  - d. group



2. \_\_\_\_\_ the moment the consumer has been waiting for the purchase.
  - a. Consumer Purchase Decision
  - b. Consumer Selling Decision
  - c. Consumer Bargaining Decision
  - d. Consumer Complaint Decision
3. Owing to widespread education, increase in income and standard of living as also desire of more comforts:
  - a. Changing Consumption Patterns
  - b. Changing Selling Patterns
  - c. Bargaining
  - d. Quality and price
4. \_\_\_\_\_ characteristic of the behaviour of buyer that he appears now aware of the brand of items and considers these goods authentic and of higher quality.
  - a. Bargaining
  - b. Brand or Trademark Consciousness
  - c. Quality and price
  - d. Changing Consumption Patterns
5. \_\_\_\_\_ prefer buying goods by reducing the price as told by the seller.
  - a. Bargaining
  - b. negotiation
  - c. Quality control
  - d. Buying technique

**Answers:** 1 - a, 2 - a, 3 - a, 4 - b, 5 - a

**Fill in the blanks:**

1. \_\_\_\_\_ behavior is the study of individuals, groups, or organizations.
2. Marketing success or failure of a company depends on \_\_\_\_\_.
3. A trend of bargaining is often found in the behaviour of \_\_\_\_\_.

4. Rural areas suffer from \_\_\_\_\_ literacy.
5. A little bit change has come now because the consumers have now begun purchase of quality goods on \_\_\_\_\_.

**Answers:**

1. Consumer buying
2. target consumers
3. Buyers
4. Low
5. higher price

**True or false:**

1. The trend of bargaining is still in vogue in the Indian markets
2. Indian buyers too do frame uniform price policy in rural area.
3. The low income group are increasingly buying fridge, tape recorder, cooler, sewing machines etc.
4. Mass media finds it difficult to penetrate rural areas because audiences are scattered over large distances.
5. The women do purchase of all kinds particularly in families where the husbands earn the bread.

**Answers:**

True: 1, 4 and 5

False: 2 and 3

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## GOVERNMENT SCHEMES

### Unit Structure

#### 5.0 Objectives

##### 5.1 Introduction

##### 5.2 Rural Development Programmes and Schemes of Government

##### 5.3 Entrepreneurship Development Programme

##### 5.4 Role of Food Corporation of India (FCI)

##### 5.5 Role of Khadi and Village Industries Commission (KVIC)

##### 5.6 Summary

##### 5.7 Exercise

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### 5.0 OBJECTIVES

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- To discuss Rural Development Programmed and Schemes of Government
- To understand Entrepreneurship Development Programmed,
- To explain the Role of Food Corporation of India (FCI)
- To analyse the Role of Khadi and Village Industries Commission (KVIC).

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### 5.1 INTRODUCTION

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The Ministry of Rural Development and the Government of India in coordination with Department of Rural Development and Department of Land Resources have been carrying forward various schemes. These schemes are formulated to benefit the citizens of rural India who will eventually become the pillars of Indian Economy in the long run.

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### 5.2 RURAL DEVELOPMENT PROGRAMMES AND SCHEMES OF GOVERNMENT

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**Some important schemes for Rural Development launched by Government of India are:**

#### **Pradhan Mantri Gram Sadak Yojana (PMGSY):**

Launched on 25 December 2000 by then Prime Minister Atal Bihari Vajpayee, the scheme aims at enhancing rural road connectivity. This scheme provides connectivity to the habitations with less or no connectivity at all and helps in poverty reduction by promoting access to economic and social services. This ensures sustainable poverty reduction in the long run as people get an opportunity to get connected with the rest

of the world. The scheme has been benefiting several villagers and is helping them lead better lives. Nearly 82% of roads have been built till December 2017 which have successfully connected several rural areas to cities. Earlier, the scheme was funded only by the central government but after the recommendation of 14th Finance Commission report the expense is shared by both state and central government. According to the current data provided on the PMGSY website, under the scheme the government has completed length of 705,179 km, and a total of 1,69,129 roads were completed.

### **DeenDayal Upadhyaya Grameen Kaushalya Yojana:**

DeenDayal Upadhyaya Grameen Kaushalya Yojana, a part of National Livelihood Mission, has the objectives of catering to the career aspirations of the rural youth and adding diversity to the income of rural families. Launched on 25th September 2014, the scheme's prime focus is on the rural youth of poor families aged between 15 and 35. An amount of Rs 1500 crores has been provided for the scheme which will help in enhancing employability. The yojana is present in 21 States and Union Territories across 568 districts and 6215 blocks changing the lives of youth. Around 690 projects are being implemented by 300 partners. As per the government reports, over 11 lakh candidates have been trained till now and nearly more than 6 lakh candidates have been placed in jobs.

### **DeendayalAntyodaya Yojana/ National Rural Livelihood Mission:**

Swarnjayanti Gram Swarozgar Yojana which is redesigned as National Rural Livelihood Mission was launched in 2011 by Ministry of Rural Develop. Also known as Ajeevika, this scheme aims at empowering women self-help model across the country. Under this scheme, the government provides a loan of 3 lakh rupees at an interest rate of 7% which can be reduced to 4% at the time of repayment. The scheme was aided by World Bank and aimed at creating efficient and also effective institutional platforms for poor people. It also helped in increasing the household income by improving access to financial services. NRLM also helps in harnessing the capabilities of the poor so that they can participate in the growth of the economy of the country.

### **Prime Minister Rural Development Fellows Scheme:**

The Prime Minister Rural Development Fellowship (PMRDF) is a scheme initiated by the Ministry of Rural Development, implemented in collaboration with State Governments. It has dual goals of providing short-term support to the district administration in the underdeveloped and remote areas of the country and develop competent and committed leaders and facilitators who can serve as a resource for a long-term.

### **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA):**

As per the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) of 2005, 100 days of employment is guaranteed to any rural

household adult who is willing to do unskilled manual work in a financial year. The Act addresses the working people and their fundamental right to live life with dignity. If a person does not get a job within 15 days, he is eligible for getting unemployment allowance. National Rural Employment Guarantee Act (NREGA) also highlights the importance of basic right to work. Amendments have been introduced to this act to minimize corruption in the scheme. MGNREGA has covered more than 700 districts in India. Also, there are currently more than 14.8 crore MGNREGA cards that have been issued in the country, and in total of 28 crore individuals have reaped the benefits of this scheme in the year 2020-21.

### **Sampoorna Grameen Rozgar Yojana (SGRY):**

The Sampoorna Grameen Rozgar Yojana (SGRY) was launched in 2001 to provide employment to the poor. It also aimed at providing food to people in areas who live below the poverty line and improving their nutritional levels. Other objectives of this Yojana were to provide social and economic assets to the people living in rural areas. The scheme did not include the employment of contractors or middlemen.

### **SamagraSiksha Abhiyan:**

Pioneered by former Prime Minister Atal Bihari Bajpayee, the SarvSiksha Abhiyan was launched in 2000. However, in 2018, the SamagraSiksha Abhiyan subsumed the three schemes Rashtriya Madhyamik Shiksha Abhiyan (RMSA), Teacher Education and the SarvaSiksha Abhiyan. It is an attempt to provide an opportunity to all children to get free education which is also a basic fundamental right. The state and the central government share the expenses of this project with central government covering 85% of the expenditure and the state shares 15% of it. In 2022 budget, the government has allotted over 37,383 crores to the scheme.

### **Sansad Adarsh Gram Yojana (SAGY):**

Sansad Adarsh Gram Yojana (SAGY) is a rural development project launched in 2014 by the Government of India in which each Member of Parliament will take the responsibility of three villages and look after the personal, human, social, environmental and economic development of the villages. This would substantially improve the standard of living as well as the quality of life in the villages. No fundings have been provided to this project as fundings can be raised through existing schemes.

### **National Social Assistance Programme (NSAP):**

National Social Assistance Programme signifies the fulfilment of Directive Principles in Article 41 and 42 of the constitution which states that it is the duty of the state to provide assistance to the citizens in terms of sickness, unemployment, old age in limits of the economic capabilities. It is basically a centrally sponsored scheme of Government of India which provides financial help to widows, elderly, people with disability in form of pensions. The scheme was launched on August 15 in 1995. Until now the NSAP has more than 2.9 crore beneficiaries and by adding 1.5 crore

state beneficiaries, the total adds up to more than 4 crore people who reap benefits of this program.

### **Pradhan Mantri Awaas Yojana (Gramin)/ Indira Awas Yojana:**

Indira Awas Yojana revamped as Pradhan Mantri Gramin Awaas Yojana in 2016 is a welfare programme created by the Indian Government to provide housing to rural poor people in India. The goal of this scheme is to provide home to all citizens till 2022. The cost of constructing the houses will be shared by the centre and the state. The scheme has been implemented in rural areas throughout India, except in Delhi and Chandigarh. Houses developed under this scheme will have basic amenities such as toilet, electricity connection, drinking water connection, LPG connection etc. The allotted houses will be jointly under the name of husband and wife. Until now 1.2 crore houses have been sanctioned with almost 58 Lakh houses completed. In 2022, the government has sanctioned over Rs 48,000 crore for the scheme in the budget, and the government aims to reach a target of almost 80 lakh this year.

### **Antyodaya Anna Yojana (AAY):**

Launched by the former Prime Minister Atal Bihari Vajpayee in 2000, the Antyodaya Anna Yojana aimed at providing food grains to around 2 crore people at subsidised rates. As per the scheme Below Poverty Line (BPL) families were provided 35 kgs of food grains. Rice was provided at the rate of Rs 3/kg and wheat at the rate of Rs 2/kg. The scheme was first launched in Rajasthan but has now been implemented in all Indian states.

### **Provision of Urban Amenities In Rural Areas (PURA):**

PURA is a strategy for Rural Development in India which was proposed by former President APJ Abdul Kalam in his book Target 3 billion. PURA proposes that urban infrastructure and services should be provided in rural areas to create opportunities outside the cities. This will also prevent the migration of youth from the rural areas to urban areas. The Central Government has been running PURA programs in various states since its launch in 2004.

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## **5.3 ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES**

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Entrepreneurship promotion and development Programmes are being organized regularly to nurture the talent of youth by enlightening them on various aspects of industrial/business activity required for setting up MSEs. These Programmes are conducted for youth and other people interested to set up their own industrial/self-employment venture. Such activities are also organized in ITIs, Polytechnics and other technical institutions/business schools, where skill/talent is available to motivate them towards self-employment.

Entrepreneurial Development Programme (EDP) refers to a programme which is formulated to assist the individuals in reinforcing their

entrepreneurial motives, and attaining competencies and skills which is essential for performing an entrepreneurial role successfully.

Government Schemes

**According to N. P. Singh:**

"Entrepreneurship Development Programme is designed to help an individual in strengthening his entrepreneurial motive and in acquiring skills and capabilities necessary for playing his entrepreneurial role effectively. is necessary to promote this understanding of motives and their impact on entrepreneurial values and behavior for this purpose".

EDP can also be defined as a pre-defined process that recognizes, inculcates, designs and refines the skills and proficiencies of an individual to establish his own enterprise. In recent times, EDP has become a professional task which extensively encourages the development of funded and private businesses. The programme is meant to grow entrepreneurial aptitudes among people.

Following are the main objectives of EDPs:

1. To make people learn compliance with law.
2. To develop and fortify entrepreneurial quality, i.e., motivation or need for achievement.
3. To develop small and medium scale enterprises in order to generate employment and widen the scope of industrial ownership.
4. To industrialize rural and backward sections of the society.
5. To understand the merits and demerits of becoming an entrepreneur.
6. To investigate the environmental set-up relating to small industries and small businesses.
7. To design project for manufacturing a product.
8. To increase the supply of entrepreneurs for quick industrial development.
9. To prepare individuals to accept the uncertainty involved in running a business.
10. To develop managerial skills among small entrepreneurs for improving the performance of small-scale industries.
11. To offer profitable employment opportunities to educated young men and women.
12. To expand the sources of entrepreneurship.

**All the EDPs mainly consist of three phases, which are illustrated as below:**

**1) Pre-Training Phase :**

This step can be considered as the introductory phase in which the entrepreneurship development programmes are launched. A wide spectrum of activities is performed in this phase are described below:

- i) Identification of suitable location where the operations can be initiated like a district.
- ii) Selection of an individual as a course coordinator or project leader to coordinate the EDP activities.
- iii) Organisation of basic infrastructural facilities related to the programme.
- iv) Conducting the environmental scanning or industrial survey in order to look for better business opportunities.
- v) Developing various plans associated with the programme, like:
  - a) Promotional activities by using electronic or print media, posters, leaflets, etc.
  - b) Contacting business experts, different agencies, NGOs that can become a part of the programme, directly or indirectly.
  - c) Printing the application forms and availing them in different locations with the instructions.
  - d) Establishing selection committee for screening of candidates.
  - e) Preparing budget and getting it approved from the management and arranging other activities which are related to the programme.
  - f) Arranging and deciding the need-based elements in the syllabus of training programme and to contact guest faculties for the training session.
- vi) Looking for the assistance of various agencies such as DICs, banks, SISI, NSIC, DM and so on.
- vii) Conducting industrial motivational campaigns to increase the number of applications.

**2) Training Phase:**

The main function of any EDP is to impart training to future entrepreneurs and guiding them for establishing the enterprise. The normal duration of the entrepreneurship development programme is 4-6 weeks and it is usually a full-time course. The objectives, training inputs and the centre of focus are explained in the programme design.



Commonly, it is considered that the trainees do not have enough information about the change because of which new programme is prepared. Each trainee should appraise himself at the termination of the training programme to have a clear view about his/her future endeavours.

### **3) Post-Training Phase:**

This phase is also referred as the phase of follow-up assistance. In this phase, the candidates who have completed their programme successfully are provided post-training assistance. This phase is very important as after the completion of training programme, most of the entrepreneurs face a lot of hardship in the business plan implementation. Thus, with the help of various counselling sessions, the training organisations try to extend their support to trainees. Members like State Financial Corporation, commercial banks, training institutions and District Industries Centre constituted all together to assist the entrepreneurs on the basis of mentioned goals :

- To assist trainees in a meaningful manner so that trainees can realize their business plan.
- To analyse the development made by trainees in the project implementation.
- To evaluate the post-training approach.
- To provide escort services to the trainees with the help of various promotional and financial institutions.

### **The importance of EDP is as follows:**

#### **1) Formation of Employment Opportunities:**

Entrepreneurial development programmes generate employment opportunities in the developing and under-developed countries. It assists and encourages individuals to establish their own business and enable them to become self-employed. By setting-up, several business enterprises, EDP also creates abundant job opportunities for other people.

#### **2) Provides Adequate Capital:**

A large amount of capital is required to set-up a business enterprise. This financial assistance is provided by various EDP agencies. EDPs instruct the development banks such as ICICI, IDBI, IFCI, SIDCs, etc., to take initiative in promoting entrepreneurship.

#### **3) Proper Utilization of Local Resources:**

New entrepreneurs utilize the available local resources in the most effective way. This utilization of resources plays an important role in the development of a particular area or region at minimum cost. EDPs guide, educate and teach the entrepreneurs to exploit the local resources efficiently.

#### **4) Increased Per Capita Income:**

Entrepreneurs have the ability to organise the factors of production and utilize them in the most productive manner by establishing an enterprise. This

development leads to increased production, employment and wealth generation. As a result, overall productivity and per capital income of the economy is raised.

#### **5) Improved Standard of Living:**

EDPs provide latest technologies and innovative methods to entrepreneurs which helps them to produce large quantity of products at lower cost. This also enables entrepreneurs to exploit the available resources and produce quality products. This automatically leads to improved standard of living.

#### **6) Economic Independence:**

EDPs strengthen the entrepreneurs to produce variety of products in large quantities at competitive prices. It also helps an entrepreneur to develop substitutes of imported products which prevents the country from being dependent on other foreign countries. It also saves foreign exchange of the country.

#### **7) Preventing Industrial Slums:**

Most of the developed industrial areas are facing problems related to industrial slums. This leads to over burdening of public amenities and also affects the health of people adversely. EDPs offers several subsidies, incentives, infrastructural support and financial grants to new entrepreneurs for establishing their businesses, thus, preventing the growth of industrial slums.

#### **8) Reducing Social Tension:**

A majority of youngsters and educated individuals of the society are in the state of social unrest and tension. This social tension restricts them from finding the right direction in their careers. Most of the students feel frustrated about not getting a job after the completion of education. In such situations, EDPs helps people by providing them proper guidance, assistance, training and support for establishing new enterprises and businesses, As a consequence, social tension is reduced as they generate self-employment opportunities.

#### **9) Facilitating Overall Development:**

EDPs facilitate entrepreneurship which helps in the overall development of the society by producing new products, innovative services, low cost consumer goods, job opportunities, increasing the standard of living, and overall productivity. This facilitates in the overall development of the economy and the country.

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### **5.4 ROLE OF FOOD CORPORATION OF INDIA (FCI)**

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Food Corporation of India (FCI) is a Public Sector Undertaking, under the Department of Food & Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution.

FCI is a statutory body set up in 1965 under the Food Corporations Act 1964. It was established against the backdrop of major shortage of grains, especially wheat.

- Simultaneously, Commission for Agricultural Costs and Prices (CACP) was created in 1965 to recommend remunerative prices to farmers.
- It has primary duty to undertake purchase, store, move/transport, distribute and sell food grains and other foodstuffs.

#### **What are the Objectives of FCI?:**

- To provide remunerative prices to farmers.
- To help in **transforming the crisis management oriented food security** into a **stable security system** to ensure **availability, accessibility** and **affordability** of food grains to all people at all times so that no one, nowhere and at no time should go hungry.
- Ensuring food security of the nation by maintaining satisfactory level of **operational buffer stocks** of food grains.
- **Distribution** of food grains throughout the country for **Public Distribution System**.
- Effective **Price Support Operations** for safeguarding the interest of farmers.

#### **What is Food Security?:**

According to **Food and Agriculture Organization (FAO)**, food security has basically four pillars:

##### **Availability:**

food should be available in sufficient quantity at all times and at all places;

##### **Affordability:**

food should be affordable, i.e., people should have economic access (ample income) to buy food;

##### **Absorption:**

food should be safe and nutritious that body can absorb for a healthy life; and finally.

##### **Stability:**

food system should be reasonably stable, as high volatility in food systems impacts adversely not only the poor but also endangers the stability of political and social systems.

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## **5.5 ROLE OF KHADI AND VILLAGE INDUSTRIES COMMISSION (KVIC)**

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The Khadi and Village Industries Commission is a statutory organisation established by the Indian government in April 1957 under the 'Khadi and

Village Industries Commission Act of 1956.' The Khadi and Village Industries Commission (KVIC) is a constitutionally mandated agency in India. It is under the supervision of the Ministry of Micro, Small, and Medium Enterprises.

Prior to independence, Mahatma Gandhi guided the growth of Khadi and Village Industries, which was wholly non-governmental. Following independence, the Indian government was tasked with integrating the growth of Khadi and Village Industries into the general structure of the Five-Year Plans. As a result, the Indian government established the Khadi and Village Industries Commission (KVIC), a statutory body established by an Act of Parliament. This organisation was founded in 1956 and is dedicated to promoting and growing Khadi and Village Industries in order to boost the rural economy. The Khadi and Village Industries programme is primarily responsible for providing job possibilities to rural craftsmen, particularly those from the lower socioeconomic strata of society. Since agriculture has lost its potential to create more job possibilities for rural regions' constantly rising workforce, the importance of the Khadi and Village Industries Commission (KVIC) has grown in order to provide rural people with an alternative and appropriate source of income.

The Khadi and Village Industries Commission (KVIC) is a statutory body established by the Government of India in April 1957 (according to an RTI) under the 'Khadi and Village Industries Commission Act of 1956.' With regard to khadi and village industries in India, it is an apex organisation under the Ministry of Micro, Small and Medium Enterprises that aims to "plan, promote, grease, organise, and help in the establishment and development of khadi and village industries in rural areas in collaboration with other agencies engaged in rural development wherever necessary."

In April 1957, it took over the operations of the defunct All India Khadi and Village Industries Board. The company's headquarters are in Mumbai, with regional offices in Delhi, Bhopal, Bengaluru, Kolkata, Mumbai, and Guwahati.

In addition to the zonal offices, there are 29 additional offices around the country that oversee the execution of various initiatives in accordance with the commission's goals.

The word Khadi comes from Mahatma Gandhi's Swadeshi Movement, which promoted the use of hand-woven and home-spun fabrics in 1920. It was a sort of protest against British goods, and the method's simplicity was astonishing. Khadi is a hand-woven textile manufactured with the charkha, a typical instrument in rural India. It also refers to any cloth woven on handlooms in India from handspun cotton, silk, or woollen yarn, or a combination of any two or all of these yarns.

#### **Kvic Full Form:**

In collaboration with other agencies involved in rural development, the Khadi and Village Industries Commission (KVIC) was established as an

apex body under the Ministry of Micro, Small and Medium-sized businesses to assist in the planning, promotion, facilitation, organisation, and growth of Khadi and Village Industries in rural India.

### **Functions of KVIC:**

- Creating a raw material reserve and putting it into action so that it may be distributed to producers
- Establishment of shared service facilities for the processing of raw materials, including semi-finished items
- Khadi and Village Industries items, as well as handicrafts, are being promoted for sale and marketing.
- Promoting research into production processes and equipment for the village industries sector
- Providing financial support to people and organisations for the development and operation of the Khadi and Village industries

### **Objectives of KVIC:**

- To promote Khadi in rural areas
- To provide employment
- To produce saleable articles
- To create self-reliance amongst the poor
- Developing a strong rural community

### **Digital KVIC:**

The Directorate of IT has established “Digital KVIC,” to which all Directorates/Field Offices have been given access by assigning user names and passwords to all pertinent Officers. KVIC (Khadi and Village Industries Commission) has gone digital, with most of its activities being conducted online, in keeping with Prime Minister Narendra Modi’s vision of a digital India. To begin with, The Prime Minister’s Employment Generation Program (PMEGP) was the first programme to be digitised. Since July 1, 2016, the program’s nodal agency KVIC has received 404354 online applications.

According to KVIC Chairman Vinai Kumar Saxena, digitization also improved transparency and hastened the payment of margin money subsidies under the PMEGP scheme.

In addition to the digitization steps implemented by KVIC, Saxena stated that they have also introduced online application submission by potential beneficiaries, as well as direct benefit transfer payment of margin money subsidy straight into the beneficiary account. Not only can applicants now follow the status of their applications at any time due to the digitization of

the process, but it has also eliminated even the tiniest opportunity for intermediaries. Similarly, the KVIC had also digitized the whole payment procedure of Market Promotion and Development Assistance (MPDA) for assisting execution of Khadi projects.

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## 5.6 SUMMARY

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- DeenDayal Upadhyaya Grameen Kaushalya Yojana, a part of National Livelihood Mission, has the objectives of catering to the career aspirations of the rural youth and adding diversity to the income of rural families.
- The Prime Minister Rural Development Fellowship (PMRDF) is a scheme initiated by the Ministry of Rural Development, implemented in collaboration with State Governments.
- The Sampoorna Grameen Rozgar Yojana (SGRY) was launched in 2001 to provide employment to the poor.
- Sansad Adarsh Gram Yojana (SAGY) is a rural development project launched in 2014 by the Government of India in which each Member of Parliament.
- Indira Awas Yojana revamped as Pradhan Mantri Gramin Awaas Yojana in 2016 is a welfare programme created by the Indian Government to provide housing to rural poor people in India.
- PURA is a strategy for Rural Development in India which was proposed by former President APJ Abdul Kalam in his book Target 3 billion.
- Entrepreneurial Development Programme (EDP) refers to a programme which is formulated to assist the individuals in reinforcing their entrepreneurial motives, and attaining competencies and skills which is essential for performing an entrepreneurial role successfully.
- FCI is a statutory body set up in 1965 under the Food Corporations Act 1964.

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## 5.7 EXERCISE

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### Short questions

1. What do you mean by PMGSY?
2. Write note on Sampoorna Grameen Rozgar Yojana
3. Explain the Prime Minister Rural Development Fellows Scheme
4. What do you mean by Samagra Siksha Abhiyan?
5. Explain the SAGY.

### Long questions:

1. What is the role of Food Corporation of India (FCI)?
2. Explain in detail the Entrepreneurship Development Programme.

3. Describe the role of Khadi and Village Industries Commission (KVIC).
4. Explain in detail DeenDayal Upadhyaya Grameen Kaushalya Yojana.
5. Explain any 4 rural development programmed and schemes of government.

**Multiple Choice Question:**

1. Pradhan Mantri Ujjwala Yojana was launched:
  - a. July 2017
  - b. January 2018
  - c. May 2014
  - d. May 2016
2. What is normally the primary objective of a Self Help Group (SHG)?
  - a. To provide micro-finance to groups
  - b. To improve technology of farming
  - c. To provide education needs
  - d. To provide shelter needs
3. The prime objective of DeenDayal Upadhyay Gram Jyoti Yojana is \_\_\_\_\_.
  - a. Providing electricity to urban areas
  - b. Starting candle industries in villages
  - c. Supplying LED bulbs to rural places
  - d. Ensuring continuous power supply to rural India
4. Which of the following schemes was merged with Sampoora Gramin Rozgar Yojana?
  - a. Swarna Jayanti Gram Yojana
  - b. Jawahar Gram SamridhiYojan
  - c. Mahatma Gandhi National Rural Employment Guarantee Scheme
  - d. Rashtriya Krishi Vikas Yojana
5. In what ratio is the expenditure of the NREGA scheme shared between the center and the state?
  - a. 50 : 50
  - b. 75 : 25

c. 90 : 10

d. None of these

**Answers:** 1-d, 2-a, 3-d, 4-b, 5-c

**Fill in the blanks:**

1. DeenDayal Upadhyaya Gram Jyoti Yojana (DDUGJY) was launched by Prime Minister Narendra Modi in \_\_\_\_\_.
2. KVIC stands for \_\_\_\_\_.
3. \_\_\_\_\_ is a Public Sector Undertaking, under the Department of Food & Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution.
4. CACP stands for \_\_\_\_\_.
5. FCI stands for \_\_\_\_\_.

**Answers:**

1. Patna
2. Khadi and Village Industries Commission
3. FCI
4. Commission for Agricultural Costs and Prices
5. Food Corporation of India

**True or false:**

1. A self-help group (SHG) works as a collective guarantee system for members who propose to borrow from organized sources.
2. NABARD along with RBI permitted SHGs to have a savings account in banks from the year 1990.
3. The Genesis of SHG in India can be traced to the formation of the Self-Employed Men's Association (SEMA) in 1970
4. Khadi and Village Industries Commission under the supervision of the Ministry of Micro, Small, and Medium Enterprises
5. FCI is a statutory body set up in 1965 under the Food Corporations Act 1960

**Answers:**

True: 1 and 4

False: 2, 3 and 5



## ROLE OF BANKS IN RURAL MARKETING

### Unit Structure

- 6.0 Objectives
- 6.1 Introduction
- 6.2 Role of Agricultural Cooperative Banks
- 6.3 Commercial Banking for Rural Marketing
- 6.4 Summary
- 6.5 Exercise

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### 6.0 OBJECTIVES

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- To discuss the role of Agricultural Cooperative Banks,
- To understand Commercial Banking for Rural Marketing

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### 6.1 INTRODUCTION

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Role of Cooperatives Banks & RRBs in the promotion of Financial Inclusion Recently, the RBI Governor Raghuram Rajan outlined, in conceptual terms, what inclusion should be. “Simplicity and reliability in financial inclusion in India, though not a cure all, can be a way of liberating the poor from dependence on indifferently delivered public services and from venal politicians,” he said. Commercial banks are fundamentally urban in their orientation. Their basic aim is to cater to the financial needs of large and medium commercial and industrial sector. They are unable to reach out and are misfit to fulfill the needs of the rural dwellers. It is therefore sensed that commercial banks cannot improve credit delivery and financial requirements into far flung rural areas beyond a point, due to their inherent limitations. Cooperative Banks and RRBs are having rural experience and very good network in rural areas and they also have the advantage of having rural orientation. Therefore, these are in a better position to facilitate Financial Inclusion in the rural areas. The 1961 Census showed that nearly 50 percent of India's towns and almost none of our villages had bank branches. In 1969 the National Credit Council, set up to guide the branch expansion programme, found that not even 1 percent of India's villages were served by commercial banks. It also noted that while industry accounted for a mere 15% of national income, its share in commercial bank credit was nearly 67%.

## 6.2 ROLE OF AGRICULTURAL COOPERATIVE BANKS

An agricultural cooperative, also known as a farmers' co-op, is a cooperative in which farmers pool their resources in certain areas of activity.

A broad typology of agricultural cooperatives distinguishes between agricultural service cooperatives, which provide various services to their individually-farming members, and agricultural production cooperatives in which production resources (land, machinery) are pooled and members farm jointly. Examples of agricultural production cooperatives include collective farms in former socialist countries, the kibbutzim in Israel, collectively-governed community shared agriculture, Longo Mai co-operatives and Nicaraguan production co-operatives.

The default meaning of "agricultural cooperative" in English is usually an agricultural service cooperative, the numerically dominant form in the world. There are two primary types of agricultural service cooperatives: supply cooperatives and marketing cooperatives. Supply cooperatives supply their members with inputs for agricultural production, including seeds, fertilizers, fuel, and machinery services. Marketing cooperatives are established by farmers to undertake transportation, packaging, distribution, and marketing of farm products (both crop and livestock). Farmers also widely rely on credit cooperatives as a source of financing for both working capital and investments.

Cooperatives as a form of business organization are distinct from the more common investor-owned firms (IOFs). Both are organized as corporations, but IOFs pursue profit maximization objectives, whereas cooperatives strive to maximize the benefits they generate for their members (which usually involves zero-profit operation). Agricultural cooperatives are therefore created in situations where farmers cannot obtain essential services from IOFs (because the provision of these services is judged to be unprofitable by the IOFs), or when IOFs provide the services at disadvantageous terms to the farmers (i.e., the services are available, but the profit-motivated prices are too high for the farmers). The former situations are characterized in economic theory as market failure or missing services motive. The latter drive the creation of cooperatives as a competitive yardstick or as a means of allowing farmers to build countervailing market power to oppose the IOFs. The concept of competitive yardstick implies that farmers, faced with unsatisfactory performance by IOFs, may form a cooperative firm whose purpose is to force the IOFs, through competition, to improve their service to farmers.

A practical motivation for the creation of agricultural cooperatives is related to the ability of farmers to pool production and/or resources. In many situations within agriculture, it is simply too expensive for farmers to manufacture products or undertake a service. Cooperatives provide a method for farmers to join in an 'association', through which a group of farmers can acquire a better outcome, typically financial, than by going

alone. This approach is aligned to the concept of economies of scale and can also be related as a form of economic synergy, where "two or more agents working together to produce a result not obtainable by any of the agents independently". While it may seem reasonable to conclude that larger the cooperative the better, this is not necessarily true. Cooperatives exist across a broad membership base, with some cooperatives having fewer than 20 members while others can have over 10,000.

The existence of a strong and efficient credit institution is of paramount importance to relieve the farmers from the clutches of money lenders. For developing countries like India, institutional systems are more relevant than the non-institutional agencies because of wide spread nature of the rural economy. The success of credit – oriented development is significantly dependent upon the soundness of the credit structure comprising of credit institutions. Credit should be made easily accessible, cheaper, safe as well as production oriented. Credit becomes a bottleneck to production if it is not made available at the right time, in right quantum at a right cost (interest). The Cooperative Planning Committee has stated, "the Cooperative society has an important role to play as the most suitable medium for the democratisation of economic planning. It provides the local units which can fulfil the dual function of educating public opinion in favour of a plan and of a plan and of executing."

The history of formal rural credit goes back to 1883 when the British Indian Government first introduced 'Taccavi Loans' under the Land Improvement Loans Act of 1883 and the Agriculturists Loans Act of 1884. This was the first step taken by the Government towards framing the agricultural credit policy in the country. The Taccavi loans were very small loans disbursed by the government during natural calamities such as famine, draught, flood and other distress conditions, provided at lower rates of interest. The quantum of loans disbursed was inadequate and it was tied-up with procedures and formalities which were difficult to be fulfilled and as a result many farmers were left uncovered under the Taccavi loans. Government also felt difficulties in disbursing timely credit. Therefore, it looked for other alternative form of organisation for solving the problem of rural credit. One immediate solution appeared to the government at that point of time was introduction of cooperative institutions and the Madras Provincial government took the lead

Cooperatives play a significant role in financing of rural development. A few important roles of rural cooperatives are narrated below:

### **Sustained credit support for agriculture and allied activities:**

India being agriculture economy, sustainable agriculture is need of the hour. Sustainability means optimum allocation and utilization of resources to maximize the productivity while keeping the natural resources intact. In this direction, agricultural credit cooperative has been playing a direct role in the purveyance of required credit input. The role they play now-a-day for promotion of non-farm sector activities would definitely bring fruits and lead to integrated rural development. Besides, when cooperatives at

the village level lend for agriculture, allied and non-farm sector activities to rural masses farming becomes 'integrated' which naturally results in sustainable agriculture development.

### **As growth centre:**

The growth and development of cooperative banking, farming, dairying, marketing, industries, stores etc., as social and economic organizations promote economic and social activities in their respective spheres. By doing so, cooperatives bring change primarily in the economic and social status of the people. The effects are also felt in the cultural and moral grounds. Cooperatives thus, play the role of change agents and as the services grow and reach becomes wider, the cooperatives as such or the villages where vibrant cooperatives are located, become growth centres. Cooperatives as growth centres and change agents could bring about a revolutionary transformation in the socio-economic life of the people through evolutionary means. Institutional Rural Credit Agencies Cooperative Societies Institutions Commercial Banks Regional Rural Banks Self Help Groups and Micro Finance 79 Rural Cooperatives and Banking

### **Value addition:**

Cooperatives are need based organizations. They have been doing a lot in many spheres and are capable of doing a lot more. Cooperative upon achieving successfully their prime tasks, start diversifying their activities in the same line of business or take up another related task. Thus, cooperatives continually strive to bring in value addition to their own products or to the produce the members dispose of at a cheaper price. AMUL, an internationally reputed dairy cooperative has had its humble beginning with the small task of collection and marketing of milk. Later it has started manufacturing dairy products like milk powder, butter, ghee, chocolate and edible oils with the sole purpose of value addition. In this way, almost all types of cooperatives by expanding their business can add value to their organizations and members and thereby reach the community with more and more benefits, especially, by making available better quality products at a reasonable cost.

### **Reconciling the economic imbalances:**

Cooperatives by undertaking various economic activities such as procurements, processing, production and marketing in a collective manner facilitate material advancement in the society in general and among the members in particular. Material advancement fosters self-reliance. Cooperatives are the associations of the financially weak. Active participation of members especially in the economic activities of the cooperatives would enable the members to improve their economic conditions. When the members belonging to weaker sections are promoted the gap between the have's and have not's would be reduced and the society prosper. Moreover, development of cooperative forms of endeavors will act as a check mate to the profit oriented private

organizations. Cooperatives would also help in regulating the rice in the market. Through all these measures, cooperatives help reconciling the economic imbalances prevailing in the society.

### **Compatible to the Democratic Economic Planning:**

The country is wedded to ideology of socialistic pattern of democracy. Cooperatives being democratic organisations, it becomes, a natural ally of democratic planning. Cooperatives are training ground at the grassroots level for democratic planning and effective instruments for economic development. Cooperatives with their vast network enable a large number of people to get involved in planning in a democratic manner their own economic development. The institutional mechanism and network of cooperatives offer ample scope for people's participation in different stages of economic planning viz., formation of plans, implementation, and monitoring and evaluation of programmes implemented.

### **Economic and social decentralization:**

According to Aldous Huxley, the road of decentralization is the road to better society. Cooperatives with their vast network and grater representation of populace are the better instruments of democratic decentralization. Members are the owners, democratic member control is the primary principle of cooperatives, and general body is the supreme authority in cooperatives. Cooperatives practicing democratic way of life are more essential in the pluralistic society like ours. It is the members who plan and control the operations of the cooperatives. The power of controlling the factors of production is vested with the members. By decentralizing the economic planning, cooperatives eliminate the centralization of wealth and properties in a fewer hand

Agricultural sector plays a significant role in economic development of any country. Adequate and timely credit to farmers is essential for agricultural development. Cooperative banking structure has a unique position in the rural credit delivery system in India where about 60 percent of its population residing in rural areas. The rural and agricultural sector remained somewhat neglected since the liberation and globalization policy of the government. Though significant efforts have been made by commercial and rural banks but cooperative banks still continue to enjoy an important place in the rural credit scenario of the country. The rural people need lot of services in daily life which can be met by village cooperative societies. But, now-a-days customers require latest services for which cooperative banks are far behind to other banks. Cooperatives can play an active role in the developing countries like India in the era of globalization.

## 6.3 COMMERCIAL BANKING FOR RURAL MARKETING

### **Commercial banks not only provide credit but provide credit use as a lever of development:**

The initial phase of scattered credit—in order to increase the quantum, as desired to extend large credit to rural population, the larger farmers were given loans. This was the first phase.

Intensive area approach—this comprised of (i) village adoption scheme, the area falling under the operation of the bank meant for intensive coverage for planned and supervised credit. There has been formulation of credit scheme suitable to the needs of borrowers and provision of credit advise and extension support. It facilitated micro- planning at the farm level.

The role of commercial banks in rural credit was negligible until the sixties as is evident from the All India Debt and Investment survey Report, 1961-62 and 1971-72. They had shown little interest in direct financing of agriculture and had confined their financing activities to the movement of agricultural produces only.

To serve better the credit needs of rural society, fourteen commercial banks with deposits worth Rs.50 crores or more were nationalized on July 19, 1969. In her broadcast address of July 19, 1969 on bank nationalization, Prime Minister Mrs. Indira Gandhi stated that nationalization was meant for an early realization of the objectives of social control which were spelt out as:

- i) removal of control of money market by a few,
  - ii) provision of adequate credit for agriculture, small industry and export,
  - iii) encouragement of a new class of entrepreneurs and
  - iv) strengthening the professional banking management system.
- The nationalized banks were:

### **Functions of Commercial Bank:**

The objectives of the changes in the banking structure and the main policies since the nationalization of commercial banks were:

1. wider territorial and regional spread of branch network;
2. faster mobilization of savings through bank deposits; and
3. deployment of bank credit in favour of neglected sectors the economy.

**In order to achieve these objectives, the commercial banks involved in the following activities:**

1. Commercial banks provide both direct and indirect finance to farmers. Banks provide direct finance to farmers for the purchase pump-sets, tractors and other agricultural machineries, for sinking and deepening wells, for land development, for raising crops, and for setting up of dairy, sheep / goat, poultry, fishery, piggery, sericulture units. Commercial banks also provide indirect finance, which includes loan for distribution of fertilizers and other inputs, loan to electricity boards, loan to Primary Agricultural Credit Societies and subscribing to debentures of Land Development Banks.
2. They extend financial assistance to small / marginal farmers identified by District Rural Development Agency (DRDA)
3. They established specialized branches exclusively for rural lending
4. They finance Primary Agricultural Credit Societies ceded to them and organize Farmers' Service Societies since 1973-74
5. They have set-up Regional Rural Banks, F.S.S and LAMPS in selected areas to cater to the credit needs of the weaker sections.

**Policies and Performance of Commercial Banks**

**i) Branch Expansion:**

The branch expansion policy for 1982-83 aimed at achieving a coverage of one bank office, on an average, for a population of 17000 in the rural and semi-urban areas (as per 1981 census) in each block and also to eliminate spatial gaps in the availability of banking facilities so that a rural branch was available within a distance of 10 km and would serve an area of about 200 square kilometres. The population norm has been relaxed from March 31, 1990 to 10,000 with regard to tribal / hilly areas and sparsely populated regions.

Southern Region followed by Central Region had a greater number of commercial bank branches during 2008-09 accounting for 28.1 and 19.9 per cent respectively. However, in terms of coverage of population per branch Southern and Northern regions have topped the list with 11 thousand, the all India average being 15 thousand. North Eastern Region had lesser number branches when compared to all other regions.

The number of rural branches rapidly increased from 22 percent of the total number of branch offices in 1969 to 57 percent in 1989 and 40 per cent in 2008-09. The Population per branch office came down from 65,000 in 1969 to 12,000 in 1989 and 15,000 in 2009. The share of rural branches in case of RRBs and scheduled banks was 77 and 40 per cent respectively.



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## 6.4 SUMMARY

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- An agricultural cooperative, also known as a farmers' co-op, is a cooperative in which farmers pool their resources in certain areas of activity.
- Cooperatives as a form of business organization are distinct from the more common investor-owned firms.
- The history of formal rural credit goes back to 1883 when the British Indian Government first introduced 'Taccavi Loans' under the Land Improvement Loans Act of 1883 and the Agriculturists Loans Act of 1884.
- Commercial banks provide both direct and indirect finance to farmers.

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## 6.5 EXERCISE

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### Short questions

1. Describe the term cooperative bank.
2. Explain the term commercial bank.
3. What all facilities do banks provide in rural area?
4. Explain the term Taccavi Loans'.
5. What are the functions of Commercial Bank?

### Long questions

1. How Long Has Credit Supported Agriculture Been Provided?
2. How does agriculture function in a challenging circumstance in a rural area?
3. How does the government aid farmers in their industry?
4. Which farmer-related programmes are available?
5. Describe the Commercial Banking for Rural Marketing.

### Multiple Choice Questions:

1. Initiatives for implementing rural development include \_\_\_\_\_.
  - a. Improving public health
  - b. Setting up facilities for agricultural research
  - c. Infrastructure development in rural areas
  - d. All of the above



2. When was the National Bank for Agriculture and Rural Development (NABARD) set up?
  - a. 1969
  - b. 1975
  - c. 1982
  - d. 1991
3. Which of the following are institutional sources of rural credit?
  - a. Regional rural banks
  - b. Landlords
  - c. Traders
  - d. Moneylenders
4. \_\_\_\_\_ help integrate formal credit systems into rural societies.
  - a. Land development banks
  - b. Self-help groups
  - c. Regional rural banks
  - d. Commercial banks
5. The process of assembling, storage, grading, packaging and distribution of different agricultural products is known as \_\_\_\_\_.
  - a. Agricultural marketing
  - b. Agricultural diversification
  - c. Agricultural management
  - d. Agricultural banking

**Answers:** 1-d, 2-c, 3-a, 4-b, 5-a

**Fill in the blanks:**

1. The apex funding agency in India for providing rural credit is \_\_\_\_\_.
2. Alternative marketing channels help farmers \_\_\_\_\_ their market and \_\_\_\_\_ their price risk.
3. Operation Flood is related to \_\_\_\_\_.
4. \_\_\_\_\_ schemes were established in 1988.

5. \_\_\_\_\_ schemes allows people from Below Poverty Line (BPL) to get essential goods at subsidised rates .

**Answers:**

1. NABARD
2. expand and reduce
3. Milk cooperatives
4. Kisan credit card
5. Public Distribution System

**True or false:**

1. Sustainability means minimum allocation and utilization of resources to very low the productivity while keeping the natural resources intact
2. The Cooperative society has an important role to play as the most suitable low for the democratization of economic planning
3. The Taccavi loans were very small loans disbursed by the government during natural calamities such as famine
4. The 1961 Census showed that nearly 50 percent of India's towns and almost none of our villages had bank branches
5. Cooperatives by undertaking various economic activities such as procurements, processing, production and marketing

**Answers:**

True: 1 and 2

False: 3, 4 and 5

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## AGRICULTURAL MARKETING

### Unit Structure

#### 7.0 Objectives

#### 7.1 Introduction

#### 7.2 Importance of Agricultural Marketing

#### 7.3 Prospects and Issues in Agricultural Marketing

#### 7.4 Role of Cooperatives and Self Help Groups (SHG) in Rural Marketing

#### 7.5 Summary

#### 7.6 Exercise

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### 7.0 OBJECTIVES

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- To discuss the importance of Agricultural Marketing
- To analyse the Prospects and Issues in Agricultural Marketing
- To understand the role of Cooperatives and Self Help Groups (SHG) in Rural Marketing,

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### 7.1 INTRODUCTION

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Agricultural marketing is a method that includes gathering, storage, preparation, shipping, and delivery of different farming materials across the country. In agriculture marketing, the selling of an agriculture product depends on various components like the demand for the product at that time, availability of storage, etc.

Before Independence, farmers while selling their products to traders experienced massive incorrect weighing and manipulation of accounts. The farmers did not have required information about the prices and were forced to sell at low prices with no proper storage facility.

Sometimes, the product could be sold at a weekly village market in the farmer's village or in a neighbouring village. If these shops are not available, then the product is sold at irregular markets in a nearby village or town, or in the mandi. So, the government took various measures to control the activities of the traders.

Agriculture fulfils the basic need of human kind by producing food. About a century ago, farmer used to produce food commodities mostly for self-consumption or for exchange with others (cash or kind) mostly in the same village or nearby places. They were primarily selfreliant. But now

production environment has changed considerably from self-reliance to commercialization. Technological advancement in the form of high yielding varieties, use of fertilizers, insecticides, pesticides, farm mechanization has led to a substantial increase in farm production and consequently the larger marketable and marketed surplus. The improved production is accompanied by the increasing urbanization, income, changing life style & food habits of the consumers and increasing linkages with the overseas market. Today consumers are not limited to rural areas where food is produced. Further, increasing demand for processed or semi-processed food products requires value addition in the raw agricultural produce. These developments require movement of food commodities from producer to consumers in the form of value added products. Agricultural marketing brings producers and consumers together through a series of activities and thus becomes an essential element of the economy. The scope of agricultural marketing is not only limited with the final agricultural produce. It also focuses supply of agricultural inputs (factors) to the farmers.

The term agricultural marketing is composed of two words- agriculture and marketing. Agriculture, generally means growing and/or raising of crops and livestock while, marketing encompasses a series of activities involved in moving the goods from the point of production to point of consumption. Many scholars have defined agricultural marketing and incorporated essential elements of time, place, form and possession utility. Some of the definitions of agricultural marketing are given below; ⌘

Human activity directed at satisfying the needs and wants through exchange process (Phillip Kotler).

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## 7.2 IMPORTANCE OF AGRICULTURAL MARKETING

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Agricultural marketing plays an important role not only in stimulating production and consumption, but also in accelerating the pace of economic development. It is the most important multiplier of agricultural development. In the process of shifting from traditional to modern agriculture, marketing emerges as the biggest challenge because of production surpluses generated by the shift. The importance of agricultural marketing is revealed from the following;

### 1. Optimization of Resource use and Output Management:

An efficient agricultural marketing system leads to the optimization of resource use and output management. An efficient marketing system can also contribute to an increase in the marketable surplus by scaling down the losses arising out of inefficient processing, storage and transportation. A well-designed system of marketing can effectively distribute the available stock of modern inputs, and thereby sustain a faster rate of growth in the agricultural sector.

### 2. Increase in Farm Income:

An efficient marketing system ensures higher levels of income for the farmers reducing the number of middlemen or by restricting the cost of marketing services and the malpractices, in the marketing of farm products. An efficient

system guarantees the farmers better prices for farm products and induces them to invest their surpluses in the purchase of modern inputs so that productivity and production may increase. This again results in an increase in the marketed surplus and income of the farmers. If the producer does not have an easily accessible market-outlet where he can sell his surplus produce, he has little incentive to produce more.

### **3. Widening of Markets:**

An efficient and well-knot marketing system widens the market for the products by taking them to remote corners both within and outside the country, i.e., to areas far away from the production points. The widening of the market helps in increasing the demand on a continuous basis, and thereby guarantees a higher income to the producer.

### **4. Growth of Agrobased Industries:**

An improved and efficient system of agricultural marketing helps in the growth of agrobased industries and stimulates the overall development process of the economy. Many industries like cotton, sugar, edible oils, food processing and jute depend on agriculture for the supply of raw materials.

### **5. Price Signals:**

An efficient marketing system helps the farmers in planning their production in accordance with the needs of the economy. This work is carried out through transmitting price signals.

### **6. Adoption and Spread of New Technology:**

The marketing system helps the farmers in the adoption of new scientific and technical knowledge. New technology requires higher investment and farmers would invest only if they are assured of market clearance at remunerative price.

### **7. Employment Creation:**

The marketing system provides employment to millions of persons engaged in various activities, such as packaging, transportation, storage and processing. Persons like commission agents, brokers, traders, retailers, weighmen, hamals, packagers and regulating staff are directly employed in the marketing system. This apart, several others find employment in supplying goods and services required by the marketing system.

### **8. Addition to National Income:**

Marketing activities add value to the product thereby increasing the nation's gross national product and net national product

### **9. Better Living:**

The marketing system is essential for the success of the development programmes which are designed to uplift the population as a whole. Any plan of economic development that aims at diminishing the poverty of the agricultural population, reducing consumer food prices, earning more foreign exchange or eliminating economic waste has, therefore, to pay special attention to the development of an efficient marketing for food and agricultural products

## 10. Creation of Utility:

Marketing is productive, and is as necessary as the farm production. It is, in fact, a part of production itself, for production is complete only when the product reaches a place in the form and at the time required by the consumers. Marketing adds cost to the product, but, at the same time, it adds utilities to the product.

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## 7.3 PROSPECTS AND ISSUES OF AGRICULTURAL MARKETING

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### 7.3.1 Issues:

Indian system of agricultural marketing suffers from a number of defects. As a consequence, the Indian farmer is deprived of a fair price for his produce. The main defects of the agricultural marketing system are discussed here.

**Improper Warehouses:** There is an absence of proper warehousing facilities in the villages. Therefore, the farmer is compelled to store his products in pits, mud-vessels, "Kutcha" storehouses, etc. These unscientific methods of storing lead to considerable wastage. Approximately 1.5% of the produce gets rotten and becomes unfit for human consumption. Due to this reason supply in the village market increases substantially and the farmers are not able to get a fair price for their produce. The setting up of Central Warehousing Corporation and State Warehousing Corporation has improved the situation to some extent.

**Lack of Grading and Standardization:** Different varieties of agricultural produce are not graded properly. The practice usually prevalent is the one known as "dara" sales wherein heap of all qualities of produce are sold in one common lot. Thus the farmer producing better qualities is not assured of a better price. Hence there is no incentive to use better seeds and produce better varieties.

**Inadequate Transport Facilities:** Transport facilities are highly inadequate in India. Only a small number of villages are joined by railways and pucca roads to mandies. Produce has to be carried on slow moving transport vehicles like bullock carts. Obviously, such means of transport cannot be used to carry produce to far-off places and the farmer has to dump his produce in nearby markets even if the price obtained in these markets is considerably low. This is even truer with perishable commodities.

**Presence of a Large Number of Middlemen:** The chain of middlemen in the agricultural marketing is so large that the share of farmers is reduced substantially. For instance, a study of D.D. Sidhan revealed, that farmers obtain only about 53% of the price of rice, 31% being the share of middlemen (the remaining 16% being the marketing cost). In the case of vegetables and fruits the share was even less, 39% in the former case and 34% in the latter. The share of middlemen in the case of vegetables was 29.5% and in the case of fruits was 46.5%. Some of the intermediaries in the agricultural marketing system are -village traders, Kutchaarhatiyas, puccaarhatiyas, brokers, wholesalers, retailers, money lenders, etc.

**Malpractices in Unregulated Markets:** Even now the number of unregulated markets in the country is substantially large. Arhatiyas and brokers, taking advantage of the ignorance, and illiteracy of the farmers, use unfair means to cheat them. The farmers are required to pay arhat (pledging charge) to the arhatiyas, "tulaii" (weight charge) for weighing the produce, "palledari" to unload the bullock-carts and for doing other miscellaneous types of allied works, "garda" for impurities in the produce, and a number of other undefined and unspecified charges. Another malpractice in the mandies relates to the use of wrong weights and measures in the regulated markets. Wrong weights continue to be used in some unregulated markets with the object of cheating the farmers.

**Inadequate Market Information:** It is often not possible for the farmers to obtain information on exact market prices in different markets. So, they accept whatever price the traders offer to them. With a view to tackle this problem the government is using the radio and television media to broadcast market prices regularly. The newspapers also keep the farmers posted with the latest changes in prices. However, the price quotations are sometimes not reliable and sometimes have a great time-lag. The trader generally offers less than the price quoted by the government news media.

**Inadequate Credit Facilities:** Indian farmer, being poor, tries to sell off the produce immediately after the crop is harvested though prices at that time are very low. The safeguard of the farmer from such "forced sales" is to provide him credit so that he can wait for better times and better prices. Since such credit facilities are not available, the farmers are forced to take loans from money lenders, while agreeing to pledge their produce to them at less than market prices. The co-operative marketing societies have generally catered to the needs of the large farmers and the small farmers are left at the mercy of the money lenders.

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## **7.4 ROLE OF COOPERATIVES AND SELF HELP GROUPS (SHG) IN RURAL MARKETING**

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Co-operative society in a rural area follows the principle of mutual help and self-help to facilitate rural development. Every member joins a co-operative society in order to provide support rather than earning profits. In this article, we shall discuss the role of co-operative society in rural development.

When individuals having a common economic, social as well as cultural interests come together voluntarily to form an association, it results in the constitution of a co-operative society. The primary objective of this society is to cater to the needs of the underprivileged and rural sections of the country. It plays an essential role in the advancement of villages.

### **7.4.1 Characteristic features of co-operative Society:**

The following are the features of such societies:

### **A separate legal entity:**

A **co-operative society** is registered under **Co-operative Societies Act<sup>[1]</sup>**, and after registration, the society gets identified as a separate legal entity, thus implying its existence.

### **Voluntary Association:**

The formation of such a society is possible only when all members voluntarily take the responsibility to make one. Anyone with a common interest may join or create a co-operative society. Further members can leave the association at any time after giving a notice in this regard.

### **No personal motive:**

Considering the fact that the co-operative society works to achieve a common motive, members can't have any personal motive involved. The main aim of co-operatives is to provide services to members instead of earning profits. Maximising profits is a vital objective of other business organizations but not in case of co-operatives.

### **State Authority:**

The government laws regulate all co-operative societies. In India, a co-operative society is required to register itself under the State Co-operatives Societies Act.

### **Democratic Administration:**

Co-operative societies conduct AGM every year where the managing committee is elected and manages the affairs of the co-operative society.

### **Role of co-operative society in rural development:**

Co-operative societies have played a critical role in the development of rural population and in bringing them together. The Role of co-operative society in the rural development is multi-faceted, and it encompasses every aspect of rural life. It works towards uplifting its members and areas economically and socially.

#### **7.4.2 In order to understand the role of co-operative society, let's take a look at the points discussed below:**

- Rural India has been facing highest number of instances of farmers' suicide due to exploitation by money lenders hence co-operatives have played a massive role in channelizing the money lending in a formal manner by setting up the Co-operative banks and credit societies. It has helped people in the rural areas to be financially independent, and the farmers and other business owners are offered loans and other banking services. They are also encouraged to deposit their savings to earn a good rate of interest.
- Co-operative societies are working hard to provide new and global opportunities to the small scale industries, and artisans help them with



adequate credit and skill assistance. This opens up employment opportunities, thus improve their standard of living.

- The co-operative societies work for producers, manufacturers and farmers and help them in eliminating the issues faced due to the lack of raw materials, machinery, and basic input by making it readily available.
- Co-operative societies have impacted the education sector in rural areas by encouraging students to attend school. Co-operative schools have their presence scattered across India. Many co-operative societies associate with NGOs and arrange various skill development programs which emphasize on the development of a particular field.
- Another massive role of co-operative society in rural development can be seen as the women empowerment. These societies, through various programs, encourage the rural women to know their rights and empower them through skill development. These societies have worked on the ground level for women development by breaking cultural and social stigmas.
- The co-operative societies have assisted various poverty-stricken sections of rural areas by providing access to advanced technologies, good training in natural resource management and also by boosting the agricultural productivity by increasing the supply of the goods.
- The objective of co-operative society is not just limited to providing social benefits but also financial benefits to the people performing agrarian activities.

#### **7.4.3 Challenges faced in rural areas:**

Although co-operative societies play a massive role in the rural development, they are not immune to certain challenges. The co-operative society has a limited working capital which is insufficient. Therefore, the challenge of inadequate funds is genuine to these societies. Further, these societies easily become the victims of politicians' tactics as these politicians misuse co-operatives for vote bank. In addition to that, there are instances where certain members of these societies join the association for making personal gains. It violates the original goal and creates a rift in the community.

Self Help Groups play a major role in poverty alleviation in rural areas. A growing number of poor people join this group which helps to generate employment opportunities and also encourage saving habits among them. It helps to create awareness about the economic condition and also offering women the possibility to break gradually away from exploitation and isolation. SHGs are small functional groups in rural areas where 10-20 women and/or men join this group but in India, 90% of groups are formed by women. The initial operation starts with collecting savings from members by collecting huge amount can be given to the needy members. The rural poor are not capable due to various reasons; illiterate, backward,

poor economic base. Individually, a poor is not socially economic term but also a lack of knowledge and information which is the most important element of today's growth process. However, in SHGs, they are empowered to overcome many of this weakness.

#### **7.4.4 Functions:**

1. It encourages saving habits among the members
2. To build self- confidence.
3. To provide credit facilities in the hour of needs
4. To organize training facilities, create teamwork.
5. To develop leadership qualities

#### **Empowerment Through SHGs:**

In India, nearly 50% woman constitutes of the total population, Majority of them especially in the rural area rely on men for their livelihood and continues to be voiceless section they did not have a right to take the decision and her role is not attached to the economic value. Since household health and nutrition generally in the hand of the women, the empowerment of them is necessary SHGs is an innovative tool which improves the situation of women socially and economically.

#### **Economic Empowerment:**

SHGs resolve the issues of unemployment in the rural areas by generating employment opportunities that aid women to make her economically independent and bring equality and translate their income directly into the family well- being. **SOCIAL EMPOWERMENT:** It improves the equality status by bringing women in the mainstream of the decision. It ensures the equality status of women in the democratic, economic, social and cultural sphere of life. It changes the view of the society in rural areas most of the women remain in the home she was not permitted to go outside and talked with an outsider. SHGs motivate rural people to join the group and make aware that both men and women have an equal role in society without supporting each other they cannot live a better life.

#### **Political Empowerment:**

SHGs are the beginning of a major process of political empowering women where members perform their transactional activities. Political empowerment reflects the participation in Village Panchayats, Mandi Praja Parishads, And Zila Parishads. After the 73rd amendment act, 33% reservation of women is reserved in Panchayats. In general, we found the large numbers of women enter politics but it does not ensure that the women participation in politics and function as elected representatives because of lack of education she did not know how to perform their work and always suffered discrimination and lack of power as a consequences on behalf of her male members of the family perform her function. SHGs

help to give former education to women and enable her to develop their communication skills, so she can properly convey her issues and discuss it in the public meetings.

### **Psychological Empowerment:**

When women become the members of the SHGs they automatically become partners in all the economic activities. In rural areas, most people are not aware of the medical facilities, sanitation, drinking water facilities which are provided by the government. With the help of SHGs, people can directly discuss their issues easily with the authorities. In rural areas, people are shy of going to medical practitioners for their treatments and they resort themselves to self-medication. SHGs make aware of the diseases which are spread of not having proper sanitation and also teach them about the benefits of taking proper treatment. SHGs creates confidence among members and encourage them to face any critical situation courageously, it enables the members to interact with others confidently and express their opinion freely.

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## **7.5 SUMMARY**

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- Agricultural marketing plays an important role not only in stimulating production and consumption, but also in accelerating the pace of economic development.
- The marketing system helps the farmers in the adoption of new scientific and technical knowledge.
- The marketing system is essential for the success of the development programmes which are designed to uplift the population as a whole.
- Transport facilities are highly inadequate in India.
- Co-operative societies are working hard to provide new and global opportunities to the small scale industries, and artisans help them with adequate credit and skill assistance.

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## **7.6 EXERCISE**

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### **Short questions:**

1. Explain the concept of agriculture marketing
2. How Agriculture fulfils the basic need of human being?
3. What are the Characteristic features of co-operative Society?
4. What are the function of SHG?
5. How agriculture is developed in rural area?

**Long questions:**

1. Describe the Role of Cooperatives and Self Help Groups (SHG) in Rural Marketing.
2. Explain the empowerment of SHGs.
3. What agricultural programmes does the government offer?
4. What problems does agriculture marketing currently face?
5. How important is marketing in agriculture?

**Multiple Choice Question:**

1. Which of the following in respect of Indian agriculture is not correct?
  - (a) India is the largest producer of mango, banana, cheeku and acid lime
  - (b) India is the largest producer of coconuts
  - (c) India is the 3<sup>rd</sup> largest producer of chemical fertilizers
  - (d) India is second largest producer of vegetables
2. Which one of the following companies has started a rural marketing network called e-chaupals?
  - (a) Proctor and Gamble
  - (b) Hindustan Lever
  - (c) Dabur
  - (d) ITC
3. The Green Revolution has not been as green as it has been made out to be because
  - (a) it created big farmers
  - (b) it is confined to select regions
  - (c) it is confined only to wheat
  - (d) none of the above
4. Pradhan Mantri Ujjwala Yojana was launched:
  - (a) July 2017
  - (b) January 2018
  - (c) May 2014
  - (d) May 2016

5. Co-operative society in a rural area follows the principle of mutual help and self-help to facilitate \_\_\_\_\_ .
- (a) economic development
  - (b) urban development
  - (c) rural development
  - (d) government development

**Answers:** 1-b, 2-d, 3-c, 4-d, 5-c

**Fill in the blanks:**

1. \_\_\_\_\_ Groups play a major role in poverty alleviation in rural areas.
2. SHGs is an innovative tool which improves the situation of women \_\_\_\_\_.
3. \_\_\_\_\_ reflects the participation in Village Panchayats, Mandi Praja Parishads, And Zila Parishads.
4. Agricultural income tax is assigned to the State Government by \_\_\_\_\_.
5. \_\_\_\_\_ regions have the largest area of wheat production.

**Answers:**

1. Self Help
2. Socially and economically
3. Political empowerment
4. Finance Commission
5. Asia

**True or false:**

1. Agricultural marketing is a method that includes gathering, storage, preparation, shipping, and delivery of different farming materials across the country.
2. The product could be sold at a weekly village market in the farmer's village or in a neighbouring village.
3. Exchange function of marketing is processing.

4. Quality of agriculture commodity is ensured by WTO.
5. A co-operative society is registered under Co-operative Societies Act.

**Answers:**

True: 1, 2 and 5

False: 3 and 4

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## COMMODITY BOARDS

### Unit Structure

- 8.0 Objectives
- 8.1 Introduction
- 8.2 Role of Commodity Boards
- 8.3 Contribution of Commodity Boards
- 8.4 Summary
- 8.5 Exercise

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### 8.0 OBJECTIVES

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- Role of Commodity Boards in generating revenue to government and employment in rural India
- Contribution of Commodity Boards in generating revenue to government and employment in rural India

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### 8.1 INTRODUCTION

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The Government of India has set up Commodity Board as a statutory body for promoting the export of commodities. Commodity Boards regard themselves as a match to the export promotion council. Commodity Boards look after the export promotion of primary and traditional items of export. Commodity Boards are statutory bodies that come under the central government. Apart from export promotion, Commodity Boards take up product development.

There are five statutory Commodity Boards under the Department of Commerce. These Boards are responsible for the production, development, and export of tea, coffee, rubber, spices, and tobacco.

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### 8.2 ROLE OF COMMODITY BOARDS

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#### **Role of Commodity Boards in generating revenue to government and employment in rural India**

Commodity Boards are statutory in character and Operate under the administrative Control of the Ministry of Commerce. Their major roles:

- (a) To takes active interest in production, development and exports of respective Commodities.
- (b) To introduce new methods of cultivation of commodities.
- (c) To offer advice to the government on export matters such as fixing quota for exports and significant trade agreements.

- (d) To provide trade information, guidance and various other services to their members and help them in their export promotion efforts.
- (e) To participate in trade fairs and exhibitions abroad.
- (f) To sponsor trade delegations and conduct market surveys.
- (g) To arrange pre-shipment inspection for export items.

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### 8.3 CONTRIBUTION OF COMMODITY BOARDS

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#### **Contribution of Commodity Boards in generating revenue to government and employment in rural India**

According to Inc42, the Indian agricultural sector is predicted to increase to US\$ 24 billion by 2025. Indian food and grocery market is the world's sixth largest, with retail contributing 70% of the sales. As per the second advance estimates, foodgrain production in India is estimated to be 316.06 MT in FY 2021-22.

#### **In terms of exports, the sector has seen good growth in the past year. In FY22 (until December 2021):**

- Exports of marine products stood at US\$ 6.12 billion.
- Exports of rice (Basmati and Non-Basmati) stood at US\$ 6.12 billion.
- Buffalo meat exports stood at US\$ 2.51 billion.
- Sugar exports stood at US\$ 2.78 billion.
- Tea exports stood at US\$ 570.15 million.
- Coffee exports stood at US\$ 719.95 million.

#### **The role of Commodity Boards in generating revenue has led to:**

- Greater production, development and exports has led to larger economies of scale and better margins in the country.
- At present, **the rural FMCG market accounts for 30% to 50% of the total revenue of FMCG majors**. Moreover, the sector in India is likely to reach a valuation of Rs 14 lakh crore per annum by 2025.
- Simultaneously, the rural market is expected to have a share of 38%, thereby opening new vistas for Indian marketers

The **FY 2022 Commodity Board Topic Solicitation Notification** was posted November 12, 2021. This notice invites topic submissions from eligible commodity boards, outlines the process NIFA will use to evaluate the appropriateness of these topics for inclusion in AFRI Requests for Applications (RFAs); and describes the commitment commodity boards will be required to make regarding jointly-funded AFRI applications selected for an award.



Eligible commodity boards are those which address an agricultural commodity and:

### **Statutory Commodity Boards:**

There are five statutory Commodity Boards under the Department of Commerce. These Boards are responsible for production, development and export of tea, coffee, rubber, spices and tobacco.

#### **A - Coffee Board:**

The Coffee Board is a statutory organisation constituted under Section (4) of the Coffee Act, 1942 and functions under the administrative control of the Ministry of Commerce and Industry, Government of India. The Board comprises 33 Members including the Chairperson, who is the Chief Executive and functions from Bangalore. The remaining 32 Members representing various interests are appointed as per provisions under Section 4(2) of the Coffee Act read with Rule 3 of the Coffee Rules, 1955. The Board is mainly focusing its activities in the areas of research, extension, development, quality upgradation, economic & market intelligence, external & internal promotion and labour welfare. The Board has a Central Coffee Research Institute at Balehonnur (Karnataka) and Regional Coffee Research Stations at Chettalli (Karnataka), Chundale (Kerala), Thandigudi (Tamil Nadu), R.V.Nagar (Andhra Pradesh) and Diphu (Assam), and a bio-technology centre at Mysore, apart from the extension offices located in coffee growing regions of Karnataka, Kerala, Tamil Nadu, Andhra Pradesh, Orissa and North Eastern Region.

#### **B - Rubber Board:**

The Rubber Board is a statutory organisation constituted under Section (4) of the Rubber Act, 1947 and functions under the administrative control of Ministry of Commerce and Industry. The Board is headed by a chairman appointed by the Central Government and has twenty-seven members representing various interests of natural rubber industry. The Board's headquarters is located at Kottayam in Kerala. The Board is responsible for the development of the rubber industry in the country by way of assisting and encouraging research, development, extension and training activities related to rubber. It also maintains statistical data of rubber, takes steps to promote marketing of rubber and undertake labour welfare activities. The activities of the Board are exercised through nine departments viz. Rubber Production, Research, Processing & Product Development, Training, License & Excise Duty, Statistics and Planning, Market Promotion, Finance & Accounts and Administration. The Board has five Zonal Offices and 43 Regional Offices. It has a Central Rubber Research Institute in Kottayam and 10 regional research stations located in various rubber growing states of the country. It also has a Rubber Training Institute located at Kottayam.

**C - Tea Board:**

Tea Board was set up as a statutory body on 1st April, 1954 as per Section (4) of the Tea Act, 1953. As an apex body, it looks after the overall development of the tea industry. The Board is headed by a chairman and consists of 30 Members appointed by the Government of India representing various interests pertaining to tea industry. The Board's Head Office is situated in Kolkata and there are two Zonal offices-one each in North Eastern Region at Jorhat in Assam and in Southern Region at Coonoor in Tamil Nadu. Besides, there are fifteen regional offices spread over in all the major tea growing states and four metros. For the purpose of tea promotion, three overseas offices are located at London, Moscow and Dubai. During the year under report a separate directorate has been established to look after the developmental needs of the small tea sector in the country. Several Sub regional offices have been opened in all the important areas of small growers' concentration to maintain a closer interface with the growers. The functions and responsibilities of Tea Board include increasing production and productivity, improving the quality of tea, market promotion, welfare measures for plantation workers and supporting Research and Development. Collection, collation and dissemination of statistical information to all stake holders is yet another important function of the Board. Being the regulatory body, the Board exerts control over the producers, manufacturers, exporters, tea brokers, auction organisers and warehouse keepers through various control orders notified under Tea Act.

**D - Tobacco Board:**

The Tobacco Board was constituted as a statutory body on 1st January, 1976 under Section (4) of the Tobacco Board Act, 1975. The Board is headed by a chairman with its headquarters at Guntur, Andhra Pradesh and is responsible for the development of the tobacco industry. While the primary function of the Board is export promotion of all varieties of tobacco and its allied products, its functions extend to production, distribution (for domestic consumption and exports) and export promotion of Flue Cured Virginia (FCV) tobacco.

**E - Spices Board:**

The Spices Board was constituted as a statutory body on 26th February, 1987 under Section (3) of the Spices Board Act, 1986. The Board is headed by a chairman appointed by Central Government and consists of 32 members. The Board's Head Office is at Kochi with Regional/ Zonal/ Field offices throughout India. It is responsible for the development of cardamom industry and export promotion of the 52 spices listed in the Schedule of the Spices Board Act, 1986. The primary functions of the Board include production development of small and large cardamom, development and promotion of export of spices. The Board is also implementing programmes for development of spices in North Eastern region, post-harvest improvement of spices and organic spices in the country. The activities of the Board include issue of certificate of

registration as exporter of spices; undertaking programmes and projects for promotion of export of spices like setting up of spices parks, support of infrastructure improvement in spices processing, assisting and encouraging studies and research on medicinal properties of spices, development of new products, improvement of processing, grading and packaging of spices; and controlling & upgrading quality for export (including setting up of regional quality evaluation labs and training centres). With regard to cardamom, the Board's licenced auctioneers and dealers facilitate the domestic marketing through e-auctions. The research activities on cardamom are also done by the Board through its Indian Cardamom Research Institute.

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## 8.4 SUMMARY

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- The **FY 2022 Commodity Board Topic Solicitation Notification** was posted November 12, 2021.
- There are five statutory Commodity Boards under the Department of Commerce.
- The Coffee Board is a statutory organisation constituted under Section (4) of the Coffee Act, 1942 and functions under the administrative control of the Ministry of Commerce and Industry, Government of India.
- The Rubber Board is a statutory organisation constituted under Section (4) of the Rubber Act, 1947 and functions under the administrative control of Ministry of Commerce and Industry.
- The functions and responsibilities of Tea Board include increasing production and productivity, improving the quality of tea, market promotion, welfare measures for plantation workers and supporting Research and Development.
- The Spices Board was constituted as a statutory body on 26th February, 1987 under Section (3) of the Spices Board Act, 1986.

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## 8.5 EXERCISE

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### Short questions:

1. Explain the term commodity board.
2. What do you mean by AFRI?
3. Describe the term RFAs.
4. Explain the point Eligible commodity boards are those which address an agricultural commodity.
5. Explain commodity board in relation to Spices Board?

**Long questions:**

1. Write a note on Tobacco Board.
2. Describe the Role of Commodity Boards in generating revenue to government.
3. What is the contribution of Commodity Board in generating revenue to government?
4. Describe the Tea Board.
5. Explain Rubber Board in detail.

**Multiple Choice Questions:**

1. Commodities, which are to be received by a clearing member, are delivered to him in the depository clearing system in respect of depository deals on the respective \_\_\_\_\_ day as per instructions of the exchange/ clearing house.
  - a. expiration
  - b. pay-in
  - c. settlementd.pay out
2. All the exchanges, which deal with forward contracts, are required to obtain certificate of registration from the \_\_\_\_\_.
  - a. commodity board of trading
  - b. commodity exchange
  - c. forward markets commission FM
  - d. government of India
3. This option to give delivery is given during a period identified as \_\_\_\_\_.
  - a. delivery notice period
  - b. settlement period
  - c. delivery period
  - d. option notice period
4. In matters where the exchange is a party to the dispute, the civil courts at \_\_\_\_\_ have exclusive jurisdiction.
  - a. Delhi
  - b. Mumbai
  - c. Bengal
  - d. Bangalore

5. Traditionally \_\_\_\_\_ has been the largest producers of gold in the world.
- Europe
  - South America
  - South Asia
  - South Africa

**Answers:** 1-d, 2-c, 3- c, 4-b, 5-d

**Fill in the blanks:**

- National Bank for Agriculture and Rural Development (NABARD) set up in \_\_\_\_\_.
- \_\_\_\_\_ are institutional sources of rural credit.
- \_\_\_\_\_ are non-institutional sources of rural credit.
- Commodity Boards are statutory in character and Operate under the administrative Control of the Ministry of \_\_\_\_\_.
- RFAs stands for \_\_\_\_\_.

**Answers:**

- 1982
- Regional rural banks
- Moneylenders
- Commerce
- Requests for Applications

**True or false:**

- In Commodity board to introduce old methods of cultivation of commodities.
- The FY 2022 Commodity Board Topic Solicitation Notification was posted November 14.
- The established AFRI priority areas, are plant health and production and plant products; animal health and production and animal products
- The commitment commodity boards will be required to make regarding jointly-funded AFRI applications selected for an award
- Commodity Boards are statutory in character and Operate under the administrative Control of the Ministry of Commerce

**Answers:**

True: 3, 4 and 5

False: 1 and 2

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## AGRICULTURAL EXPORTS

### Unit Structure

- 9.0 Objectives
- 9.1 Introduction
- 9.2 Composition of Agricultural Exports
- 9.3 Contribution of Agricultural Exports
- 9.4 Role of APEDA
- 9.5 Summary
- 9.6 Exercise

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### 9.0 OBJECTIVES

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- Composition of Agricultural Exports in generating revenue for India- Food Grains, Organic products, Marine Products,
- Contribution of Agricultural Exports in generating revenue for India- Food Grains, Organic products, Marine Products,
- Role of Agricultural & Processed Food Products Export Development Authority (APEDA),

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### 9.1 INTRODUCTION

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India, with a large and diverse agriculture, is among the world's leading producer of cereals, milk, sugar, fruits and vegetables, spices, eggs and seafood products. Indian agriculture continues to be the backbone of our society and it provides livelihood to nearly 50 per cent of our population. India is supporting 17.84 per cent of world's population, 15% of livestock population with merely 2.4 per cent of world's land and 4 per cent water resources. Hence, continuous innovation and efforts towards productivity, pre & post-harvest management, processing and value-addition, use of technology and infrastructure creation is an imperative for Indian agriculture. Various studies on fresh fruits and vegetables, fisheries in India have indicated a loss percentage ranging from about 8% to 18% on account of poor post-harvest management, absence of cold chain and processing facilities. Therefore, agro processing and agricultural exports are a key area and it is a matter of satisfaction that India's role in global export of agricultural products is steadily increasing. India is currently ranked tenth amongst the major exporters globally as per WTO trade data for 2016. India's share in global exports of agriculture products has increased from 1% a few years ago, to 2.2 % in 2016.

Recent growth rates show that agri-food production is rising faster than growth in domestic demand, and volume of surplus for export is witnessing accelerated growth. This offers scope and opportunity for

capturing overseas markets to earn foreign exchange and enable producers to earn higher prices for farm product.

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## 9.2 COMPOSITION OF AGRICULTURAL EXPORTS

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### **Composition of Agricultural Exports in generating revenue for India-Food Grains, Organic products, Marine Products:**

Secretary, department of Commerce, Government of India Dr Anup Wadhawan today said that Agriculture Exports have performed well during 2020-21. During the media interaction, he informed that after remaining stagnant for the past three years (USD 38.43 billion in 2017-18, USD 38.74 billion in 2018-19 and USD 35.16 billion 2019-20), the export of agriculture and allied products (including marine and plantation products) during 2020-21 jumped to USD 41.25 billion, indicating an increase of 17.34%. In INR terms, the increase is 22.62% with exports during 2020-21 amounting to Rs. 3.05 lakh crore as compared to Rs. 2.49 lakh crore during 2019-20. India's agricultural and allied imports during 2019-20 were USD 20.64 billion, and the corresponding figures for 2020-21 are USD 20.67 billion. Despite COVID-19, balance of trade in agriculture has improved by 42.16% from USD 14.51 billion to USD 20.58 billion.

For agriculture products (excluding marine and plantation products), the growth is 28.36% with exports of USD 29.81 billion in 2020-21 as compared to USD 23.23 billion in 2019-20. India has been able to take advantage of the increased demand for staples during the COVID-19 period.

Huge growth has been seen in export of cereals with export of non-basmati rice growing by 136.04% to USD 4794.54 million; wheat by 774.17% to USD 549.16 million; and other cereals (Millets, Maize and other coarse grains) by 238.28% to USD 694.14 million.

Other agricultural products, which registered significant increase in exports, as compared to 2019-20, were oil meals (USD 1575.34 million - growth of 90.28%), sugar (USD 2789.97 million - growth 41.88%), raw cotton (USD 1897.20 million - growth 79.43%), fresh vegetables (USD 721.47 million - growth 10.71%) and vegetable oils (USD 602.77 million - growth 254.39%) etc.

Largest markets for India's agriculture products are USA, China, Bangladesh, UAE, Vietnam, Saudi Arabia, Indonesia, Nepal, Iran and Malaysia. Exports to most of these destinations have registered growth, with highest growth being recorded for Indonesia (102.42%), Bangladesh (95.93%) and Nepal (50.49%).

Export of spices like ginger, pepper, cinnamon, cardamom, turmeric, saffron etc., which have known therapeutic qualities, has also grown substantially. During 2020-21, export of pepper increased by 28.72% to USD 1269.38 million; cinnamon by 64.47% to USD 11.25 million; nutmeg, mace and cardamom by 132.03% (USD 189.34 million vs USD



81.60 million); and ginger, saffron, turmeric, thyme, bay leaves etc. by 35.44% to USD 570.63 million. Export of spices touched highest ever level of around USD 4 billion during 2020-21.

The organic exports during 2020-21 were USD1040 million as against USD 689 million in 2019-20, registering a growth of 50.94%. Organic exports include oil cake/ meals, oil seeds, cereals and millets, spices and condiments, tea, medicinal plant products, dry fruits, sugar, pulses, coffee etc.

Exports have also taken place from several clusters for the first time. For instance, export of fresh vegetables and mangoes from Varanasi and black Rice from Chandauli has taken place for the first time, directly benefitting farmers of the area. Exports have also taken place from other clusters viz. oranges from Nagpur, banana from Theni and Ananthpur, mango from Lucknow etc. Despite the pandemic, export of fresh horticulture produces took place by multimodal mode and consignments were shipped by air and sea to Dubai, London and other destinations from these areas. Handholding by the Department for market linkages, post-harvest value chain development and the institutional structure such as FPOs, enabled North East farmers to send their value-added products beyond the Indian borders.

Cereal exports have done well during 2020-21. We have been able to export to several countries for the first time. For example, Rice has been exported to countries like Timor-Leste, Puerto Rico, Brazil, etc. for the first time. Similarly, wheat has been exported to countries like Yemen, Indonesia, Bhutan, etc and other cereals have been exported to Sudan, Poland Bolivia, etc.

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### 9.3 CONTRIBUTION OF AGRICULTURAL EXPORTS

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#### **Contribution of Agricultural Exports in generating revenue for India-Food Grains, Organic products, Marine Products:**

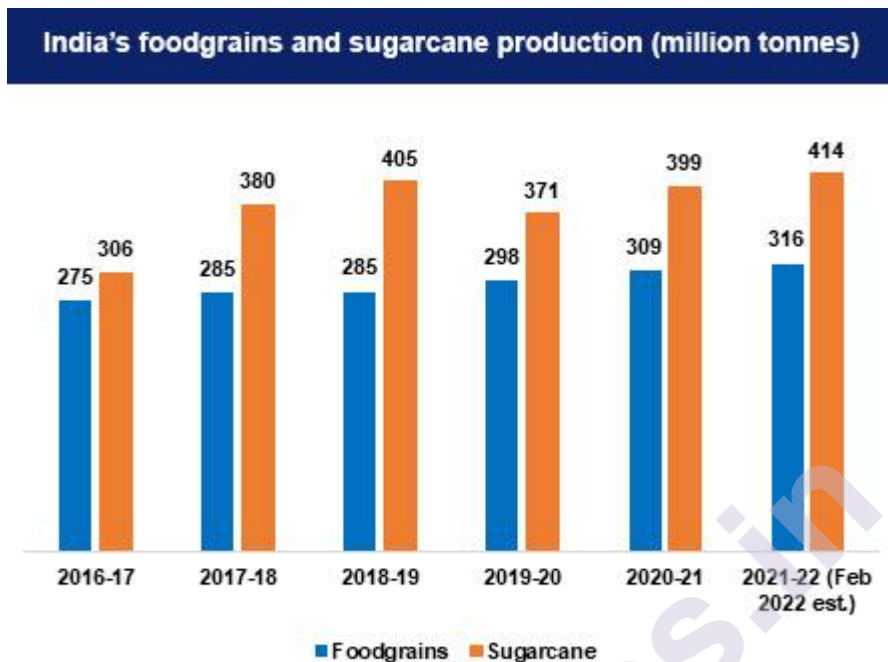
The agriculture sector is the largest source of livelihood in India. The country is one of the largest producers of agriculture and food products in the world. In 2021-22, India's agriculture sector growth rate was estimated to be at 3.9% as compared to the 3.6% in the previous year. The country produces many crops and food grains such as rice, wheat, pulses, oilseeds, coffee, jute, sugarcane, tea, tobacco, groundnuts, dairy products, fruits, etc.

During 2020-21, India's tea production stood at 1,280 million kg. Coffee production during the same period was 354 million kg, a 19% YoY increase. During 2021-22, oilseeds production of India crossed the estimated 37.15 million tonnes while other products such as rice, wheat, maize, pulses, mustard, and sugarcane reached a record high production.

The top crops producing states in India are West Bengal, Uttar Pradesh, Punjab, Gujarat, Haryana, Madhya Pradesh, Assam, Andhra Pradesh, Karnataka and Chhattisgarh. Most of the wheat produced in the country



comes from Uttar Pradesh, Punjab, Haryana, Madhya Pradesh, Rajasthan, Bihar and Gujarat. Uttar Pradesh is the largest producer of sugarcane in India contributing about 48%, followed by Maharashtra and Karnataka at 23% and 9% of the total production respectively.



Source: RBI Handbook of Statistics, Ministry of Agriculture and Farmers Welfare

India is one of the largest agricultural product exporters in the world. During 2021-22, the country recorded US\$ 49.6 billion in total agriculture exports with a 20% increase from US\$ 41.3 billion in 2020-21. India's agriculture sector primarily exports agri & allied products, marine products, plantation, and textile & allied products. Agri & allied products exports were valued at US\$ 37.3 billion, recording a growth of 17% over 2020-21.

Rice is the largest exported agricultural product from India and contributed to more than 19% of the total agriculture export during the year 2021-22. Sugar, spices and buffalo meat are among the largest exported products with the contribution of 9%, 8% and 7% to 2021-22 agriculture exports respectively. Wheat exports were valued at US\$ 2.1 billion in 2021-22 after recording significant growth over exports of US\$ 568 million in 2021-22. Coffee exports have crossed US\$ 1 billion for the first time, which has improved realizations for coffee growers in Karnataka, Kerala and Tamil Nadu. Higher exports of marine products, at US\$ 7.7 billion, is benefitting farmers in the coastal states of West Bengal, Andhra Pradesh, Odisha, Tamil Nadu, Kerala, Maharashtra and Gujarat.

The government's commitment to increase farmers' income can be seen through significant rise witnessed in Agri-exports through giving thrust on boosting exports. Various initiatives taken by the government through APEDA such as organizing B2B exhibitions in different countries,

exploring new potential markets through product specific and general marketing campaigns have worked as catalyst to growth exports. The government of India has created products matrix for 50 agricultural products with strong export potential and recognized 220 labs to provide services of testing a wide range of products to enable exporters across India.



## 9.4 ROLE OF 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. The Act (2 of 1986) came into effect from 13th February, 1986 by a notification issued in the Gazette of India: Extraordinary: Part-II [Sec. 3(ii): 13.2.1986]. The Authority replaced the Processed Food Export Promotion Council (PFEPCC).

In accordance with the Agricultural and Processed Food Products Export Development Authority Act, 1985, (2 of 1986) the following functions have been assigned to the Authority.

Development of industries relating to the scheduled products for export by way of providing financial assistance or otherwise for undertaking surveys and feasibility studies, participation in enquiry capital through joint ventures and other reliefs and subsidy schemes;

Registration of persons as exporters of the scheduled products on payment of such fees as may be prescribed;

Fixing of standards and specifications for the scheduled products for the purpose of exports;

Carrying out inspection of meat and meat products in slaughter houses, processing plants, storage premises, conveyances or other places where such products are kept or handled for the purpose of ensuring the quality of such products;

Improving of packaging of the Scheduled products;

Improving of marketing of the Scheduled products outside India;

Promotion of export oriented production and development of the Scheduled products;

Collection of statistics from the owners of factories or establishments engaged in the production, processing, packaging, marketing or export of the scheduled products or from such other persons as may be prescribed on any matter relating to the scheduled products and publication of the statistics so collected or of any portions thereof or extracts there from;

Training in various aspects of the industries connected with the scheduled products;

Such other matters as may be prescribed.

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.
- Alcoholic and Non-Alcoholic Beverages.
- Cereal and Cereal Products.
- Groundnuts, Peanuts and Walnuts.
- Pickles, Papads and Chutneys.
- Guar Gum.
- Floriculture and Floriculture Products.
- Herbal and Medicinal Plants.

- De-oiled rice bran.
- Green pepper in brine.

Basmati Rice has been included in the Second Schedule of APEDA Act.

In addition to this, APEDA has been entrusted with the responsibility of monitoring the import of sugar as well.

APEDA also functions as the Secretariat to the National Accreditation Board (NAB) for implementation of accreditation of the Certification Bodies under National Programme for Organic Production (NPOP) for organic exports. "Organic Products" for export are to be certified only if Produced, Processed and Packed as per the standards laid down in the document – "National Programme for Organic Production (NPOP)."

Vide DGFT Notification No. 6/2015-2020 dated: 14/06/2021 Cashew Kernels, Cashewnut Shell Liquid, Cardanol are now under the jurisdiction of APEDA.

**As prescribed by the statute, the APEDA Authority consists of the following members namely:**

1. A Chairman, appointed by the Central Government
2. The Agricultural Marketing Advisor to the Government of India, ex-officio;
3. One member appointed by the Central Government representing the Niti Aayog;
4. Three members of Parliament of whom two are elected by the House of People and one by the Council of States
5. Eight members appointed by the Central Government representing respectively; the Ministries of the Central Govt. dealing with;
  - (i) Agriculture and Rural Development
  - (ii) Commerce
  - (iii) Finance
  - (iv) Industry
  - (v) Food
  - (vi) Civil Supplies
  - (vii) Civil Aviation
  - (viii) Shipping and transport
6. Five members appointed by the Central Government by rotation in the alphabetical order to represent the States and the Union Territories on the recommendations of concerned State/Union Territory;

7. Seven members appointed by the Central Govt. representing
  - (i) Indian Council of Agricultural Research
  - (ii) National Horticultural Board
  - (iii) National Agricultural Cooperative Marketing Federation
  - (iv) Central Food Technological Research Institute
  - (v) Indian Institute of Packaging
  - (vi) Spices Export Promotion Council and
  - (vii) Cashew Export Promotion Council.
8. Twelve members appointed by the Central Government representing:
  - (a) Fruit and Vegetable Products Industries
  - (b) Meat, Poultry and Dairy Products Industries
  - (c) Other Scheduled Products Industries
  - (d) Packaging Industry
9. Two members appointed by the Central Government from amongst specialists and scientists in the fields of agriculture, economics and marketing of the scheduled products.

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## 9.5 SUMMARY

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- Largest markets for India's agriculture products are USA, China, Bangladesh, UAE, Vietnam, Saudi Arabia, Indonesia, Nepal, Iran and Malaysia.
- The agriculture sector is the largest source of livelihood in India.
- The top crops producing states in India are West Bengal, Uttar Pradesh, Punjab, Gujarat, Haryana, Madhya Pradesh, Assam, Andhra Pradesh, Karnataka and Chhattisgarh.
- Rice is the largest exported agricultural product from India and contributed to more than 19% of the total agriculture export during the year 2021-22.
- APEDA also functions as the Secretariat to the National Accreditation Board (NAB) for implementation of accreditation of the Certification Bodies under National Programme for Organic Production (NPOP) for organic exports.

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## 9.6 EXERCISE

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### Short questions:

1. Explain the term agriculture exports
2. What do you mean by APEDA?
3. Who was Dr Anup Wadhawan?
4. Explain the rural agriculture process.
5. Explain the term PFEPC.

### Long questions:

1. What impact does agriculture export have on Covid19?
2. What is the role of Agricultural & Processed Food Products Export Development Authority (APEDA)?
3. What is the contribution of Agricultural Exports for generating revenue in India?
4. Describe the Composition of Agricultural Exports in generating revenue for India- Food Grains, Organic products, Marine Products.
5. Explain the top crops producing states in India.

### Multiple Choice Questions:

1. MEP stands for \_\_\_\_\_.
  - a. Minimum Export Price
  - b. Maximum Export price
  - c. Measure Export Price
  - d. Manual Export Price
2. The problems faced by agricultural markets in rural areas are \_\_\_\_\_.
  - a. Malpractice in unregulated markets
  - b. Lack of storage facilities
  - c. Lack of adequate finance
  - d. All of the above
3. Microcredit Program is defined as \_\_\_\_\_.
  - a. Credit provision made by self-help groups to their members
  - b. Credit provision made by small farmers

- c. Credit provision made by large farmers
  - d. None of the above
4. PFEPC stands for \_\_\_\_\_.
- a. Processed Food Export Promotion Council
  - b. Place Food Export Promotion Council
  - c. Processed Food Export Place Council
  - d. Product Food Export Promotion Council
5. \_\_\_\_\_ was established by the Government of India under the Agricultural and Processed Food Products Export Development Authority Act.
- a. PFEPC
  - b. WTO
  - c. FCI
  - d. APEDA

**Answers:** 1-a, 2- d, 3-a, 4-a, 5-d

**Fill in the blanks:**

- 1. APEDA stands \_\_\_\_\_.
- 2. The process of assembling, storage, grading, packaging and distribution of different agricultural products is known as \_\_\_\_\_.
- 3. \_\_\_\_\_-today said that Agriculture Exports have performed well during 2020-21
- 4. NPOP stands for \_\_\_\_\_.
- 5. Basmati Rice has been included in the Second Schedule of \_\_\_\_\_ Act.

**Answers:**

- 1. Agricultural and Processed Food Products Export Development Authority
- 2. Agriculture marketing
- 3. Dr Anup Wadhawan
- 4. National Programme for Organic Production
- 5. APEDA

**True or false:**

1. Processed Food Products Export Development Authority Act passed by the Parliament in December, 1980.
2. The agriculture sector is the smallest source of livelihood in India.
3. Rice is the largest exported agricultural product from South Africa.
4. APEDA such as organizing B2B exhibitions in different countries.
5. Uttar Pradesh is the largest producer of sugarcane in India.

**Answers:**

True: 2, 4 and 5

False: 1 and 3

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munotes.in



## E- COMMERCE

### Unit Structure

- 10.0 Objectives
- 10.1 Introduction
- 10.2 Importance of E-Commerce
- 10.3 Impact of E- Marketing on rural consumers
- 10.4 Concept of Digital Village
- 10.5 Role of social media in rural marketing
- 10.6 Summary
- 10.7 Exercise

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### 10.0 OBJECTIVES

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- To explain the importance of E-Commerce
- To discuss the impact of E- Marketing on rural consumers,
- To understand the concept of Digital Village
- To highlight the role of social media in rural marketing,

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### 10.1 INTRODUCTION

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The growth of e-commerce in rural India has been continuous and on a positive side. When we look at the potential growth in the future, it seems as if the expansion of e-commerce in India's rural regions will take place in the forthcoming period. There are ample scope and opportunities for all aspiring e-commerce entrepreneurs and business enthusiasts in the sphere of village e-commerce.

After independence, nothing has befallen in terms of advancing the rural distribution of products meant for a commercial purpose within the geographical territories of India. Thus, it has become the requirement of the time to quicken the development of commercial enterprises and e-commerce firms in rural parts of India.

The agricultural potential of a nation is a vital factor that incites economic growth and can ultimately head to the development of an agro-based economy. The principal development powerhouse is the development of the agri-based sector, which is a powerful source of growth that took place in the last few years. As per IAMAI, India has attained the second rank in terms of no. of users active on the internet at 451 million active users of the internet. This number encircles urban as well as rural areas. There is a massive rise in the number of internet users with numerous government

initiatives with respect to the more comprehensive picture of digital villages where maximum people will be enjoying internet facilities.

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## **10.2 IMPORTANCE OF E-COMMERCE**

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E- Commerce has a great history since it was invented back in May 1989, when Sequoia Data Corp introduced Comp market, the first internet-based system for eCommerce.

In the emerging global economy, eCommerce has increasingly become a vital component of business strategy and a solid catalyst for economic development.

The continued expansion of eCommerce could lead to downward pressure on inflation through increased competition, cost savings, and changes in sellers' pricing behavior.

From startups to small and medium-sized businesses right through to huge brands, there are a large number of companies that can benefit from their own online store, where they can sell their own products/services.

At the same time, the speedy influx of new technology in the retail experience has driven consumers of all ages to expect a convenient and connected experience that seamlessly aligns with their everyday lives.

If you're still on the fence about launching your own eCommerce store, you may ask yourself why eCommerce is getting attention around the world?

This article is where you'll find 13 benefits of having an online store as well as knowing the

### **10.2.1 importance of E – Commerce:**

#### **1. E - Commerce Helps You Reduce Your Costs:**

To have an online store it is not necessary that you have all your products presented in a physical space. In fact, there are different companies that operate online where they only show all their inventory through their electronic commerce.

This implies not only saving by not needing a rental or purchase of premises, but also everything that involves electricity, the Internet, etc. Or if you want to have one so that customers have a physical space, it does not have to be as large as everything you offer. In either case, you will be reducing your costs.

#### **2. E-Commerce Helps Businesses Go Global:**

Directly related to the previous point, this fact allows you to put your products for sale anywhere in the world. They will not have the explicit need to travel to where you are to see what you have to offer.

If you are running a physical store, it will be limited by the geographical area that you can service, but owning an eCommerce website will give you the opportunity to increase your outreach. It'll offer your products & services to customers around the whole world, regardless of the distance and time zone.

Furthermore, this eliminates all kinds of geographical and linguistic barriers. Your e-commerce translated into different languages will allow them to buy from different countries.

With eCommerce and mobile commerce as well, the entire world is your playground. Your products or services are within reach for a lot of customers who might be sitting in another corner of the world.

So, if you want to grow your online business worldwide, it is a great idea to start creating your own online store and localize it in different languages.

### **3. E-Commerce Can Be Done with Fewer Overheads & Fewer Risk:**

Starting an online store can mean significantly lower start-up costs compared to a brick-and-mortar retailer. The retailer or the online business owner doesn't have to take into consideration the high expenses of shop rental, hiring a salesperson to woo the customer, utility bills, security measures, etc.

This, in turn, will enable you to sell your products at competitive prices. Also, having an online store enables you to enjoy increased profitability with less risk.

### **4. E-Commerce Can Broaden Your Brand & Expand Your Business:**

Having an eCommerce store can be used to broaden your range of products/services for sale, expand your business, bring you more customers, and diversify your sales. It's the ideal way to take your brand from a traditional brick & mortar store to an innovative, well-loved one.

With eCommerce, there is no need to have more than one branch, just one singular online store allowing you to fully reach customers without having to worry about moving locations, you can just manage your online business from home.

It's important to mention that, eCommerce will be helpful for Both B2C and B2B businesses to boost their brand awareness in the market.

### **5. E-Commerce Offers Better Marketing Opportunities:**

Your eCommerce site is the best marketing tool that you would ever have. Thanks to the internet, now anyone can market through online tools like social media marketing, email marketing, search engine marketing, pay-per-click ads, and SEO help you build very useful links and contacts.

For example, with good SEO, your online store will appear in the top results of SERPs. Also, social media networks will provide you with a

platform to engage and build trust with your customers through reviews and ratings, as well as keeping them informed with regular posts about your products and offers.

#### **6. Your Online Store Will Stay Open 24\*7/365:**

Also, one of the great importance of eCommerce that eCommerce retailers can enjoy is store timings are now 24/7/365 as the eCommerce stores are open 24 hours a day, 7 days a week, compared to the regular stores.

In this way, retailers can increase their sales by boosting their number of orders. However, it is also helpful for customers as they can purchase products & services whenever they want no matter whether it is midnight or early morning.

#### **7. E-Commerce Is Easier & More Convenient:**

People's lives are hectic; getting to a physical store means taking a lot of time and effort. So, starting an online store that means you can fit into your customers' busy lives, making the products they want accessible when they want them.

The enjoyable thing about eCommerce is buying options that are quick, easy, convenient, and user-friendly with the ability to transfer funds online.

"In online shopping, your item is always one click away as opposed to physical shopping where you may be forced to wait for weeks or months before an item you ordered is available," says Heritage House, which sells boy suits online.

Thanks to eCommerce's convenience, consumers can save lots of time, and effort as well as money by searching for their products easily and making purchases online.

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### **10.3 IMPACT OF E- MARKETING ON RURAL CONSUMERS**

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E-commerce is the word ruling the business since the last few decades. Thousands of businesses have moved online to utilize the potential of the Internet for reaching a wider audience. Further, this translates into an additional revenue stream that gets you an increased ROI with less investment cost and time. Today, e-commerce has enveloped our lives in such a way that it has become a necessity rather than a passion. From the business perspective, it comes ahead as a massive opportunity and even established brick-and-mortar brands are exploring this territory today.

#### **A-What makes e-commerce a booming trend?**

E-commerce is a win-win situation for both the consumers and the merchants. The consumers are spoilt with choices of brands, fashion, comfort, and all at competitive pricing too. If we consider the merchants, they are able to sell goods and earn more profit in less time with or

without a warehouse, as they are able to get connected with the production center directly for shipping.

This eliminates the need for managing and maintaining a warehouse of their own which accounts to massive investment in terms of rentals, manpower and labor costs. All these costs have been greatly reduced for them, all thanks to the online selling channel. Also, this mode of selling enables the merchants to get connected with more customers' as compared to their physical store.

### **B-Is e-commerce only an urban phenomenon in India?**

The Indian economy is dominated by rural population because a major chunk of the population resides in rural areas. Conversely, those living in urban settings are better educated, tech-savvy, and have a higher propensity to spend. In these circumstances, e-commerce or any industry for that matter, needs to strike a balance between both segments of the population. The big question here that sellers in this domain come across is whether e-commerce is only an urban phenomenon in India or it has scope in the rural areas as well. To start with, you need to understand the challenges and hindrances that may influence their outreach in the rural areas.

- The product portfolio is also critical to the success of a seller that wants to target the rural market because in these markets are hyper local.
- Customers may be apprehensive because of the lack of on-ground presence in their area.
- Concerns related to the security of online payments is another reason that they may be dissuaded from shopping online.
- Language is the key barrier as a majority of e-commerce websites use English as the language. To snag customers, firms will need to consider e-commerce development with vernacular languages so that they are able to communicate with the target audience's in their local language.
- Being available on the mobile channel is equally important as the rural residents may not have access to desktops and laptops and even if they do, they may be more comfortable with mobile shopping.
- Access and transport infrastructure matters too because this will have a far-reaching impact on supply chain efficiencies.

Despite these barriers, e-commerce sellers and brands are keen about exploring the opportunities with this segment. Moving further, we shall see the impact of e-commerce website development at the rural areas of India. Recently, the technology has touched the rural parts effectively and has changed the general thinking that e-commerce companies may not reach the rural region of India.

### **C- How e-commerce businesses are moving ahead in the rural setups?**

It is a known fact that the postal service has the power to connect every corner of the world. The Indian Postal Service has a long history and has evolved over the years. Evidently, today it has reached all the villages and remote locations in India successfully. Moreover, the last two years has witnessed a dramatic change in the Indian Postal service as it is getting collaborated with more than 400 e-commerce websites. Amazon and Flip kart are the major names that are included in this list.

Today, more than 1,55,000 post offices in the remote areas are connected to deliver the goods to the customers, irrespective of the far-flung locations. It is a welcoming scenario where e-commerce industries are involved in helping our country to become digital through logistics channel. The e-commerce stores may even explore the option of having their own delivery system for these locations, or they may use third party services like the postal services and other small agencies.

### **D-E-Commerce exploring new frontiers in rural India**

The e-commerce giants like Myntra, Jabong, Voonik, Amazon, Shopclues, Flip Kart and others are getting appreciable revenue coverage from the villages. The villagers are gaining benefits of online delivery system. And with the penetration of the Internet and the smartphones, most of the villagers are using mobile applications and computers to order their goods. These companies say that the products like electronic items, utensils, grinders, baby products, mixers, and, etc., are the main goods in demand.

And, the fascinating thing about the orders from remote locations is that there are lesser likelihood of returns of the goods as they order only the most essential goods. This is saving cost on logistics for the company, as they are less investing for taking the delivered goods back. Certain companies like Ipay, Storeking, eDabba and, etc., are completely working for rural locations and they have innovative web design and development and work in view of the consumer expectations and Internet connectivity limitations of the rural areas.

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## **10.4 CONCEPT OF DIGITAL VILLAGE**

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Digital Village will have one-stop service solution for the village area citizens, providing them with quality services like telemedicine, financial services, internet connectivity and other Government-to-Citizen (G2C) and Business-to-Consumers (B2C) services which are easily accessible at an affordable price around the year.

It also includes employment opportunities for the youth, by promoting the IT/ITES Industry. Every village will have "Village Level Entrepreneur (VLE)", as the Common Services Center (CSC) operator. He/she will facilitate villagers to avail the services.

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## 10.5 ROLE OF SOCIAL MEDIA IN RURAL MARKETING

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Social Media is just a fancy or a glamorous word. Basically, it is a platform used for display of your offerings or work or what you do. We create a well-shaped Social Media Marketing plan that helps your business to display your offerings or work and transform that into leads

A - What to choose us for Social Media Marketing for Rural?

Mind wave Media being in the digital industry from around a decade and having a dedicated team of experts understands your audience that is situated in the urban and rural regions of India. We know what they want. They want an emotional connect with the brand, which comes through a hands-on experience of the product or service that the brand is offering.

We understand their emotions and based on that, we design our Social Media Marketing plans and strategies for the brand. Very few agencies understand this and we are one of them! We are present across India-Mumbai, Delhi, Bangalore, Pune, Jaipur and Chandigarh.

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## 10.6 SUMMARY

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- The continued expansion of eCommerce could lead to downward pressure on inflation through increased competition, cost savings, and changes in sellers' pricing behavior.
- People's lives are hectic; getting to a physical store means taking a lot of time and effort.
- E-commerce is the word ruling the business since the last few decades.
- E-commerce is a win-win situation for both the consumers and the merchants.
- Language is the key barrier as a majority of e-commerce websites use English as the language.
- The e-commerce giants like Myntra, Jabong, Voonik, Amazon, Shopclues, Flip Kart and others are getting appreciable revenue coverage from the villages.
- Every village will have "Village Level Entrepreneur (VLE)", as the Common Services Center (CSC) operator.

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## 10.7 EXERCISE

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### Short questions:

1. How E-Commerce helps to reduce your Costs?
2. What is difference between digital marketing and e-commerce?

3. Explain the term E-commerce.
4. What is digital village?
5. Is commerce only an urban phenomenon?

**Long questions:**

1. Explain the importance of E-commerce.
2. Explain role of social media in rural marketing.
3. What are the advantage of E marketing in rural area?
4. What is the impact of e marketing on rural area?
5. How E-commerce help in farming?

**Multiple Choice Question:**

1. \_\_\_\_\_are markets linked via modern communications networks and powered through high-speed computers.
  - a. Marketplaces
  - b. Met markets
  - c. Electronic Network
  - d. Electronic Markets
2. E-commerce has created a new environment for business transactions by using \_\_\_\_\_.
  - (a) Digital data
  - (b) Internet
  - (c) electronic technologies
  - (d) communication services.
3. E-commerce did online-sale for the first time \_\_\_\_\_.
  - (a) 1938
  - (b) 1992
  - (c) 1994
  - (d) 2009



4. E-Commerce has a great history since it was invented back in May \_\_\_\_\_.  
a. 1989  
b. 1987  
c. 1983  
d. 1981
5. \_\_\_\_\_ is a win-win situation for both the consumers and the merchants.  
a. E-commerce  
b. M-commerce  
c. Commerce  
d. Digital village

E- Commerce

**Answers:** 1-d, 2- b, 3-c, 4-a, 5-a

**Fill in the blanks**

1. Business logistics is a part of \_\_\_\_\_ distribution.  
2. G2C stands for \_\_\_\_\_.  
3. B2C stands for \_\_\_\_\_.  
4. VLE stands for \_\_\_\_\_.  
5. CSC stands for \_\_\_\_\_.

**Answers:**

1. Physical  
2. Government-to-Citizen  
3. Business-to-Consumers  
4. Village Level Entrepreneur  
5. Common Services Center

**True or false:**

1. Social media must have got multiple agencies on Google.  
2. Mind wave Media, one of the best Social Media Marketing Company for Rural India.  
3. Online Village will have one-stop service solution for the village area citizens, providing them with quality services.

4. The growth of e-commerce in rural India has been continuous and on a negative side.
5. Starting an online store can mean significantly lower start-up costs compared to a brick-and-mortar retailer.

**Answers:**

True: 3 and 4

False: 1, 2 and 5

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## INFORMATION TECHNOLOGY

### Unit Structure

- 11.0 Objectives
- 11.1 Introduction
- 11.2 Impact of IT in Agricultural Marketing
- 11.3 E-Chaupal
- 11.4 Project Shakti
- 11.5 Web-casting-online training and guidance to farmers
- 11.6 Summary
- 11.7 Exercise

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### 11.0 OBJECTIVES

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- To discuss the impact of IT in Agricultural Marketing,
  - To understand the concept of E-Chaupal
  - To explain the concept of Project Shakti
  - To discuss Web-casting-online training and guidance to farmers.
- 

### 11.1 INTRODUCTION

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E-Choupal is an India-based business initiative by ITC Limited that provides Internet access to rural farmers. The purpose is to inform and empower them and, as a result, to improve the quality of agricultural goods and the quality of life for farmers.

ITC Limited (formerly India Tobacco Company Limited) is a consumer product and agribusiness conglomerate in India known for their production of cigarettes, specialty paper, food products and packaging services. Through the e-Choupal initiative, ITC has created more than 6,500 e-Choupal computer stations in rural areas that serve an average of six hundred farmers each. Using this technology, farmers may order supplies, learn about best agricultural practices, receive weather reports and read about pricing for crops throughout the region.

Farmers can use that information to their own prices. They also obtain higher profit margins because they're no longer forced to sell through a middleman. ITC Limited also benefits from the initiative, by simplifying its supply chains and increasing its profits.

## 11.2 IMPACT OF IT IN AGRICULTURAL MARKETING

Agricultural practices and advancements differ globally—since plants have their own differences and the location plays a role on their development as well. But through the exchange of knowledge from different agriculturally-involved individuals from all over the world, improvement of techniques can be experienced as well. It has made an impact on how information is shared, and being able to use this information for the advancement of the agricultural sector gives a great positive impact that is beneficial for everyone. IT has become a bridge for people from all over the world.

Agriculture in India is the core sector for food security, nutritional security, and sustainable development & for poverty alleviation. It contributes approx. 14 % of GDP. Milestones in agriculture development in India includes: Green revolution, Evergreen revolution, Blue revolution, White revolution, yellow revolution, Bio technology revolution and the most recent one is Information and communication technology revolution.

IT supports new methods for precision agriculture like computerized farm machinery that applies for fertilizers and pesticides. Farm animals are fed and monitored by electronic sensors and identification systems. Selling or buying online began to become popular in the world. However, it's most important role remains communication, and the Internet has provided us with an ideal opportunity to do so.

Central, state governments and private organisations have taken ICT measures for agriculture extension which include ITC- e-choupal, Kisan Kerala, Aaqua, Rice knowledge management portal , e-krishi, Mahindra Kisan Mitra, IFFCO Agri-portal, Village knowledge centers (VKCs)- M.S Swaminathan research foundation (MSSRF), village resource centres (VRCs)- Indian Space research organisation, etc. We cannot go into the detail of each one, we will focus the important and recent ones, may be not given in the above list.

### 11.2.1 Transforming rural India with the help of digital technologies

ICT is becoming the facilitator of socio-economic development in rural India with its obvious facilities by way of health, education, financial services and employment avenues, etc. It can help the bridge gaps by providing 'e' and 'm' services. ICT offering meant for rural sector can be classified into three categories:

Those solutions which aim are aimed at empowerment  
Those which would do enablement. Those for market expansion.

With respect to empowerment- e-choupal comes up as fine example. This is example of efficient supply chain system empowering the farmers with timely and relevant information enabling them to get better returns for their produce. And due to its community centric approach, it gives other offerings also to the farmers' like- insurance and farm management practise, etc.

The practise of e-governance, which creates transparency and governance through IT has enabled the citizens. Successful implementation of e-governance in the areas like- maintain land records is a great step in removing the malpractices and creating assurance of rightful ownership. Aadhar is another such tool, which has empowered the masses by confirming their identities and is good example of ICT solution attempting to provide access to monetary benefits by establishing the correct identity and this way rural economy is also expanding.

Market expansion with the help of ICT can be seen through various examples, such as – In recent years the village and heritage tourism in remote areas of the country has picked up a huge momentum and this has been done on account of awareness being created by the online portals, attracting more visitors compared to past. Direct connect through e-commerce has facilitated large number of artisans agro-based small enterprises in rural areas. Women's livelihood is being facilitated amongst the weavers' community in the north eastern states by marketing their product through the internet medium. Indian rural market is going under transformation with better access to information. With the help of IT, farmers can use the services of FMC and can get better value for their product.

As we know development is a process which takes couple of years to change the rural life. Thus information technology will definitely be in a position to change the scenario of rural life and create a better path for rural development. Among the major States, Maharashtra was on top with the 104 out of 1,000 families had Internet in cities, followed by Kerala and Himachal Pradesh at 95 each and Haryana at 81.5

### 11.2.2 ICT and Agriculture:

Farming and Information Technology seems to be the most distantly placed knowledge sets in the world. Farming being the most primitive and most basic of the jobs and IT related being the most advanced and most modern. However, we know the importance of farming as it is essential for life maintenance on the surface of mother earth and it is important for the developments in IT to aid for the betterment of farming to produce better.

**E-Agriculture** is a new area of knowledge emerging out of convergence of IT and farming techniques. It enhances the agricultural value chain through the application of Internet and related technologies. Basically, IT helps farmers to have better access to information which increases the productivity. It also enables him to get better prices through information of change in price in different markets. The information related to policies and programs of government, schemes for farmers, institutions through which these schemes are implemented, new innovations in agriculture, Good Agricultural Practices (GAPs), Institutions providing new agricultural inputs (high yielding seeds, new fertilizers etc) and training in new techniques are disseminated to farmers through use of Information technology to ensure inclusiveness and to avoid digital divide.

Access to price information, access to agriculture information, access to national and international markets, increasing production efficiency and creating a 'conducive policy environment' are the beneficial outcomes of e-Agriculture which enhance quality of life of farmers.

Soil Management, Water Management, Seed Management, Fertilizer Management, Pest Management, Harvest Management and Post-Harvest Management are the important components of e-Agriculture where technology aids farmers with better information and alternatives. It uses a host of technologies like Remote Sensing, Computer Simulation, Assessment of speed and direction of Wind, Soil quality assays, Crop Yield predictions and Marketing using IT.

In India, there have been several initiatives by State and Central Governments to meet the various challenges facing the agriculture sector in the country. The E-Agriculture is part of Mission Mode Project, which has been included in NeGP (under National E-governance Plan) in an effort to consolidate the various learnings from the past, integrate all the diverse and disparate efforts currently underway, and upscale them to cover the entire country.

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### **11.3 E-CHAUPAL**

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ITC's Agri Business Division, one of India's largest exporters of agricultural commodities, has conceived e-Choupal as a more efficient supply chain aimed at delivering value to its customers around the world on a sustainable basis.

The e-Choupal model has been specifically designed to tackle the challenges posed by the unique features of Indian agriculture, characterised by fragmented farms, weak infrastructure and the involvement of numerous intermediaries, among others.

e-Choupal' also unshackles the potential of Indian farmer who has been trapped in a vicious cycle of low risk taking ability > low investment > low productivity > weak market orientation > low value addition > low margin > low risk taking ability. This made him and Indian agribusiness sector globally uncompetitive, despite rich & abundant natural resources.

Such a market-led business model can enhance the competitiveness of Indian agriculture and trigger a virtuous cycle of higher productivity, higher incomes, enlarged capacity for farmer risk management, larger investments and higher quality and productivity.

Further, a growth in rural incomes will also unleash the latent demand for industrial goods so necessary for the continued growth of the Indian economy. This will create another virtuous cycle propelling the economy into a higher growth trajectory.

Appreciating the imperative of intermediaries in the Indian context, 'e-Choupal' leverages Information Technology to virtually cluster all the value chain participants, delivering the same benefits as vertical integration does in mature agricultural economies like the USA.

'e-Choupal' makes use of the physical transmission capabilities of current intermediaries - aggregation, logistics, counter-party risk and bridge financing -while disintermediating them from the chain of information flow and market signals.

With a judicious blend of click & mortar capabilities, village internet kiosks managed by farmers - called sanchalaks - themselves, enable the agricultural community access ready information in their local language on the weather & market prices, disseminate knowledge on scientific farm practices & risk management, facilitate the sale of farm inputs (now with embedded knowledge) and purchase farm produce from the farmers' doorsteps (decision making is now information-based).

Real-time information and customised knowledge provided by 'e-Choupal' enhance the ability of farmers to take decisions and align their farm output with market demand and secure quality & productivity. The aggregation of the demand for farm inputs from individual farmers gives them access to high quality inputs from established and reputed manufacturers at fair prices. As a direct marketing channel, virtually linked to the 'mandi' system for price discovery, 'e-Choupal' eliminates wasteful intermediation and multiple handling. Thereby it significantly reduces transaction costs.

'e-Choupal' ensures world-class quality in delivering all these goods & services through several product / service specific partnerships with the leaders in the respective fields, in addition to ITC's own expertise.

While the farmers benefit through enhanced farm productivity and higher farm gate prices, ITC benefits from the lower net cost of procurement (despite offering better prices to the farmer) having eliminated costs in the supply chain that do not add value.

Launched in June 2000, 'e-Choupal', has already become the largest initiative among all Internet-based interventions in rural India. 'e-Choupal' services today reach out to over 4 million farmers growing a range of crops - soyabean, coffee, wheat, rice, pulses, shrimp - in over 35000 villages through 6100 kiosks across 10 states (Madhya Pradesh, Haryana, Uttarakhand, Uttar Pradesh, Rajasthan, Karnataka, Kerala, Maharashtra, Andhra Pradesh and Tamil Nadu).

The problems encountered while setting up and managing these 'e-Choupals' are primarily of infrastructural inadequacies, including power supply, telecom connectivity and bandwidth, apart from the challenge of imparting skills to the first time internet users in remote and inaccessible areas of rural India.

Several alternative and innovative solutions - some of them expensive - are being deployed to overcome these challenges e.g., Power back-up through batteries charged by Solar panels, upgrading BSNL exchanges with RNS kits, installation of VSAT equipment, Mobile Choupals, local caching of static content on website to stream in the dynamic content more efficiently, 24x7 helpdesk etc.

Going forward, the roadmap includes plans to integrate bulk storage, handling & transportation facilities to improve logistics efficiencies.

As India's 'kissan' Company, ITC has taken care to involve farmers in the designing and management of the entire 'e-Choupal' initiative. The active participation of farmers in this rural initiative has created a sense of ownership in the project among the farmers. They see the 'e-Choupal' as the new age cooperative for all practical purposes.

This enthusiastic response from farmers has encouraged ITC to plan for the extension of the 'e-Choupal' initiative to altogether 15 states across India over the next few years. On the anvil are plans to channelise other services related to micro-credit, health and education through the same 'e-Choupal' infrastructure.

Another path-breaking initiative - the '**Choupal Pradarshan Khet**', brings the benefits of agricultural best practices to small and marginal farmers. Backed by intensive research and knowledge, this initiative provides Agri-extension services which are qualitatively superior and involves pro-active handholding of farmers to ensure productivity gains. The services are customised to meet local conditions, ensure timely availability of farm inputs including credit, and provide a cluster of farmer schools for capturing indigenous knowledge. This initiative, which has covered over 91,900 CPKs, has a multiplier impact and reaches out to around 11 Lakh farmers

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## 11.4 PROJECT SHAKTI

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In India, women constitute only 18.6 per cent of the population working or looking for work. As per the Census 2011, India is home to 149.8 million women workers, of which 121.8 million are in rural areas. The Census numbers also show a higher rate of migration of women for employment and business from rural to urban areas, growing from 47 percent in 2001 to 58 percent in 2011.

Since 1976, Hindustan Unilever Limited has been playing an active role in rural development. Hindustan Unilever Limited (HUL), a subsidiary of Unilever, is an Indian consumer goods company whose products include foods, beverages, cleaning agents, personal care products, water purifiers and other fast-moving consumer goods. It was established in 1931 as Hindustan Vanaspati Manufacturing Co. and renamed in June 2007 as Hindustan Unilever Limited.

HUL established the Integrated Rural Development Programme in the Etah district of Uttar Pradesh, which today covers about 500 villages in



the district. In addition, HUL's factory-centered activities which included the establishment of factories in less-developed regions of the country have proven to be effective. The company has also focused on training farmers, animal husbandry, generating alternative income, health & hygiene and infrastructure development.

### **Creating Opportunities:**

In 2001, HUL launched its Project Shakti, that seeks to empower underprivileged rural women. This initiative targets small villages with population of 2000 people or less. Shakti is organised in Self-Help Groups (SHGs) and is focused on improving living standards in rural India. The project equips and trains rural women, enabling them to become an extended arm of the company's operation, which in turn, this helps the women generate critically needed additional income for their families.

These women entrepreneurs, called Shakti Ammas, are trained on basic principles of distribution management and familiarisation with the company's products. HUL's team of

Rural Sales Promoters (RSPs) coach these Shakti entrepreneurs by familiarising them with the product range in order to manage their businesses better. They also train them on the basics of sales and troubleshooting and help them enhance their soft skills in areas such as negotiation and communication.

Under the Project is the Shakti Vani programme, which is a social communication initiative. Women trained in health and hygiene issues address village communities through meetings at schools, village baithaks, SHG meetings and other social forums.

Similarly, iShakti, is an Internet-based rural information service that creates access to relevant information through the iShakti community portal. It was launched in the Nalgonda district of Andhra Pradesh in 50 villages in the year 2000 in association with the Andhra Pradesh Government's Internet Village Programme. The service is now available in Nalgonda, Vishakapatnam, West Godavari and East Godavari districts. The iShakti programme provides information and services to meet rural needs in medical health and hygiene, agriculture, animal husbandry, education, vocational training and employment and women's empowerment. It has since been extended to in Andhra Pradesh, Bihar, Chattisgarh, Gujarat, Haryana, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamilnadu, Uttar Pradesh and West Bengal with the total strength of over 40,000 Shakti entrepreneurs.

The other activities under this initiative include improving business skills of SHG women through extensive training programmes. Also, workshops covering a large number of Shakti entrepreneurs have been held in Andhra Pradesh, Karnataka, Gujarat, Madhya Pradesh, Uttar Pradesh, Tamilnadu, Chattisgarh and Orissa. All HUL Management

Trainees spend about 4 weeks with NGOs or SHGs in rural areas as part of Project Shakti.

They undertake assignments such as business process consulting for nascent enterprises engaged in the manufacture of products such as spices and hosiery items.

**Impact and Outcomes:**

Project Shakti has nearly 120,000 thousand women micro-entrepreneurs across 18 states. It now covers half the villages in rural India, with the network doubling over the last four years.

By enabling the average Shakti entrepreneur to earn a sustainable income of about \$10 – \$14 per month, which is double their average household income, the Project has helped improve the overall standard of living in their families. It has also created opportunities for rural women to improve their living conditions with dignity.

During the pandemic, the Shakti network played the role of being a crucial part of its distribution channel. Thanks to the efforts put in by these women entrepreneurs, HUL was able to dramatically extend the physical reach of its products to rural households. In several instances, the Shakti entrepreneurs travelled to distributors to pick up stocks, which they subsequently distributed to the households in their vicinity. This played a big role in enabling HUL to make products available to the most vulnerable sections of society. This helped them cater effectively to the rural demand despite adverse conditions.

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## **11.5 WEB-CASTING-ONLINE TRAINING AND GUIDANCE TO FARMERS**

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Trainings provide an opportunity to the farmers to make aware of agricultural technologies as well as the shift in agricultural development approach through farming enterprises. Training of farmers encompass all the roles of a farmer instead of looking at him only as a producer. Hence, KVK conducts several training programmes both on campus and off campus every year to farmers, farm women and rural youth. The training programmes are planned so as to meet the immediate requirements of the farming community. Training programme are scheduled at appropriate time so as to impart knowledge of suitable technology before the start of the season. Because of the diversity in crop, climate and different methods of cultivation, farmers are grouped as “farmer interest groups” so as to provide appropriate training packages to the groups. Efforts have been concentrated to empower the women by giving them vocational trainings. In KVK, trainings are conducted at various levels for which the programmes are designed based on the clientele problems and their needs and interests. Normally KVKs have the following types of trainings conducted by them

- Training for farmers (On and Off Campus)

- Training for rural youth (On and Off Campus)
- Training for extension personnel (On and Off Campus)

Dr. K.P. Viswanatha, Vice-Chancellor, MPKV, Rahuri said that the farmers particularly, those growing horticultural crops have been affected due to the lockdown. But, in spite of this situation, some of the farmers have overcome the crisis through direct marketing of farm produce through the online mode. He emphasized on making the effective use of social media for meeting the marketing challenges. Dr. Viswanatha also urged the farmers to maintain social distancing and personal hygiene for combating the spread of the COVID-19 disease.

Dr. Lakhan Singh, Director, ICAR-ATARI, Pune emphasized on strengthening the interface among the farmers, extension functionaries and scientists. He opined on covering all the categories of farmers including landless farmers and accordingly planning the interventions and agro-based enterprises. He stressed on giving more attention to retain the Youth in the villages by enrolling them into onsite input management related activities.

Dr. S.R. Gadakh, Director (Research & Extension Education), MPKV, Rahuri urged the farmers for replicating the integrated farming system model as being effectively implemented under the Farmers' FIRST Programme. Dr. Gadakh accentuated that the online training programme would boost the farmers' confidence in the present situation of pandemics.

The senior officials of ICAR Institutes and State Agricultural Department participated in the online training programme.

The Innovative farmers - Shri Hemant Suryavanshi, Shri Pravin Patil and Shri Dnyaneshwar Wakchaure also shared their marketing experiences (Farm to Consumers) regarding the sale of grapes, poultry birds and tomato processing, etc.

Around 50 farmers of Chinchvihire, Kangar and Manori villages participated in the programme.

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## 11.6 SUMMARY

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- Agriculture in India is the core sector for food security, nutritional security, and sustainable development & for poverty alleviation.
- Milestones in agriculture development in India includes: Green revolution, Evergreen revolution, Blue revolution, White revolution, yellow revolution, Bio technology revolution and the most recent one is Information and communication technology revolution.
- ICT is becoming the facilitator of socio-economic development in rural India with its obvious facilities by way of health, education, financial services and employment avenues, etc.

- Farming and Information Technology seems to be the most distantly placed knowledge sets in the world.
- Soil Management, Water Management, Seed Management, Fertilizer Management, Pest Management, Harvest Management and Post-Harvest Management are the important components of e-Agriculture.
- In India, women constitute only 18.6 per cent of the population working or looking for work.
- HUL established the Integrated Rural Development Programme in the Etah district of Uttar Pradesh, which today covers about 500 villages in the district.
- Training of farmers encompass all the roles of a farmer instead of looking at him only as a producer.

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## 11.7 EXERCISE

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### Short questions:

1. Discuss Web-casting-online training?
2. Explain the term E-Agriculture.
3. Describe the term ICT.
4. Write note on E-chaupal?
5. Explain the project Shakti in short.

### Long questions:

1. How are digital technologies transforming rural India?
2. Explain the various ICT measures for agriculture extension
3. How E-Chaupal take place in agriculture?
4. Explain the project of Shakti
5. How government taking online training and guidance to farmers?

### Multiple Choice Questions:

1. \_\_\_\_\_ is an India-based business initiative by ITC Limited that provides Internet access to rural farmers.
  - a. 'ChoupalPradarshan Khet'
  - b. E-Choupal
  - c. Shakti
  - d. None of these

2. \_\_\_\_\_-is a new area of knowledge emerging out of convergence of IT and farming techniques.
- E-Agriculture
  - Digital farming
  - ICT
  - E-commerce
3. The GSMA brings together and supports the mobile industry, agricultural sector stakeholders, innovators and investors in \_\_\_\_\_.
- AgriTech
  - Agri-online
  - Agriculture
  - AgriITC
4. \_\_\_\_\_ is another such tool, which has empowered the masses by confirming their identities and is good example of ICT solution attempting to provide access to monetary benefits.
- PIN
  - Aadhar
  - OTP
  - PAN
5. ' \_\_\_\_\_', brings the benefits of agricultural best practices to small and marginal farmers.
- Choupal Pradarshan Khet'
  - Choupal Pradarshan farm
  - Choupal Agriculture Khet'
  - Choupal Pradarshan Kheti

**Answers:** 1-b, 2-a, 3-a, 4- b, 5-a

**Fill in the blanks:**

- Green revolution, Evergreen revolution, Blue revolution, White revolution, yellow revolution, Bio technology revolution and the most recent one is \_\_\_\_\_ revolution.
- GAPs stand for\_\_\_\_\_.

3. ITC's Agri Business Division, one of India's largest exporters of \_\_\_\_\_ commodities.
4. Central, state governments and private organisations have taken ICT measures for \_\_\_\_\_.
5. With a judicious blend of click & mortar capabilities, village internet kiosks managed by farmers called \_\_\_\_\_.

**Answers:**

1. ICT
2. Good Agricultural Practices
3. Agricultural
4. agriculture extension
5. sanchalaks

**True or false:**

1. MSSRF stands for Mass Section Swaminathan research foundation
2. IT has become a bridge for people from all over the world
3. Selling or buying online began to become popular only in the Urban area.
4. Agriculture in India is the core sector for food security, nutritional security, and sustainable development & for poverty alleviation
5. Creativity is becoming the facilitator of socio-economic development in rural India.

**Answers:**

True: 2, 4

False: 1, 3, 5

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## ONLINE MARKETERS

### Unit Structure

- 12.0 Objectives
- 12.1 Introduction
- 12.2 Role of Online Marketers
- 12.3 Growth and Challenges
- 12.4 Summary
- 12.5 Exercise

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### 12.0 OBJECTIVES

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- To understand the role of Online Marketers
- To discuss the growth and challenges of Online Marketers

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### 12.1 INTRODUCTION

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A marketer is an individual who is responsible for creating an involvement chain between the customer and the product or service offered by the company.

This involvement is garnered by maintaining huge stocks of goods for supply or properly advertising the product to invite huge sales.

Even though marketers like Antonio Lucio (Facebook's marketing officer) are not much in the picture, their efforts, nonetheless, have garnered a lot of benefits for these tech giants.

However, a major confusion arises when marketers dive into the picture. Even though the terms sound quite similar, there is a huge difference on a wide array of fronts.

In online content marketing, video marketing is enjoying paramount importance and it is believed to continue for quite some time to come. As per a reliable source, Facebook account holders watch over 8 billion videos each day. Videos are watched using mobile devices mostly these days. Social influencer marketing is gaining prominent attention and expert marketers are considering to establish organic relationships with celebrity influencers that better mesh with their brand. Chatbot marketing strategy is a highly lucrative digital marketing trend.

Remember this that the business world is extremely competitive and leaving any scope to showcase one's offerings cannot be afforded. Digital marketing is playing and will continue to play a key role in the modern business sphere, using existing as well as new emerging tactics.

The primary role of an online marketer is to manage marketing campaigns promoting a brand as well as its products. They have a huge role in increasing brand awareness as well as driving traffic and acquiring leads and customers. Online marketers put in all the efforts in understanding the brand tonality, relevant and ongoing trends, choosing appropriate channels for running marketing campaigns and devising online marketing strategies. The role of online marketing also entails identifying and evaluating new online technologies through web analytics tools and measuring traffic on the website for optimizing marketing campaigns

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## **12.2 ROLE OF ONLINE MARKETERS**

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### **1. Helps You to Find Potential Customers:**

Searching customers through social media platforms is easier and productive. It is important to know more about your target audience. Knowing their interests, needs and preferences will lead to successful marketing strategy. For example- Using Instagram insight on Instagram app, you can see the statistical data of your follower's age group, gender etc. Through this you can target your audience accordingly.

### **2. Cost Effective:**

This is one of the biggest advantages of online marketing. It is difficult for small and medium size companies to pay for billboards, TV ads, radio ads etc. However, there are some strategies like search engine optimization (SEO), Pay-per-click (PPC), content marketing etc which are cost friendly.

### **3. 24/7 Available Service:**

Now customers don't have to wait for the opening of your store to make a purchase. Internet marketing has given them the privilege to browse your website/app at any time. This gives an opportunity to create brand awareness among target customers.

### **4. Performance can be Measured:**

Online tools such as Google analytics, pay per clicks and search engine optimization (SEO) can be used to track leads generated for the particular time being. It makes it easy to interpret results by analysing various trackers like impressions, likes, shares etc.

### **5. Maintain After-Sale Relationships:**

You must take advantage of social media platforms like Facebook, Instagram etc to interact with customers. Always thank them after their feedback or suggestions. Also, It helps in building B2B customer relationships.



## 6. Open New Market:

Social Media acts as a whole new marketing platform, where you can gain customer loyalty and build your brand image. Each satisfied customer can act as a marketer for your company.

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## 12.3 GROWTH AND CHALLENGES

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### Lack of communication facilities:

Even today, most villages in the country are inaccessible during the monsoons. A large number of villages in the country have no access to telephones. Other communication infrastructure is also highly underdeveloped.

### Offers a competitive edge:

This form of marketing offers one with significant data and tools. To help stay competitive and all-ready to win the race if tactics are employed strategically.

### Quicker brand recognition:

Just like connection, promotion and spreading of brand awareness is also faster with digital marketing. It is easy to popularize business using a digital platform. Then any others if the players know how to play the game!

### Share information and get feedback better:

Business-related information, blog writings, SEO articles can be shared with target audiences. Also, digital marketing platform often acts as a highly interactive marketing form where customers too can give their feedback. This helps to get better insights into business-driven data for taking decisions accordingly.

### Social media inclusion:

Digital marketing offers the best opportunity to receive customer support on your social media platforms like Twitter, Facebook or LinkedIn. It helps to get better connections and adds to the business web traffic.

### 12.3.1 Challenges:

#### 1. Learning About Your Customers:

Targeting your audience will be more important than ever in 2022 and beyond. As SEO and paid advertising get more competitive, you can't afford to waste time or money on content or keywords that are too broad or poorly targeted. One of the best tools for targeting the right audience is a buyer persona, which lets you visualize and better understand your typical customer. HubSpot has a useful tool called Make My Persona that simplifies the process of creating buyer personas. Also, you can learn

more about your customers by polling and asking them questions on your blog and social media pages.

## **2. Generating Qualified Leads:**

Every business thrives on leads. In 2022, you can expect a competitive market as many service-based businesses attempt to gain more targeted leads. Paid ads such as Facebook Ads and Google Ads are likely to rise in cost. Savvy marketers will learn to leverage less costly lead generation strategies like networking on LinkedIn, using video marketing, and developing interactive channels such as webinars and virtual conferences. As lead generation gets more competitive, it becomes necessary to deliver solid value to prospects before you can expect to close a sale. Check out this guide to lead generation strategies to get a great overview.

## **3. Managing Cash Flow:**

During economically challenging times, businesses may suffer cash flow problems. For example, if the 2020 holiday season becomes profitable, a long dry spell might follow as consumers pull back on spending. Business owners and marketers will have to be extra careful about managing their cash flow. Getting lean and cutting back on unnecessary expenses can help. Fortunately, moving part or all of your business online often saves you money on expenses such as renting offices or retail space. Businesses with regular, steady customers may want to consider creative financing options like invoice factoring.

## **4. Creating Engaging Content:**

Content marketing will continue to evolve and will remain as crucial as ever for digital marketers. Customers and prospects are always hungry for fresh content that educates them and points them in the direction of a solution. Content that will be especially popular in 2022 includes short-form videos, live-streaming content, podcasts, and Instagram and Facebook stories. Audiences are embracing content that's interactive as it gives people a chance to express their opinions.

## **5. Complying with Privacy and Data-Sharing Regulations:**

Rules such as GDPR aren't going away. If anything, we can expect more such legislation around the world. Because a website can potentially attract visitors from any country, you need to be compliant with any laws covering a population in your target audience. Make sure your website is transparent about its policies on cookies, data sharing, and privacy. Be mindful about staying compliant in areas such as storing data. GDPR, for example, limits how long you can hold onto visitors' data.

On top of complying to GDPR (and all its future iterations), you should make sure to improve your email deliverability in order to make sure that people who are a part of your email list continue getting your emails in their inbox rather than the spam folder

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## 12.4 SUMMARY

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- Internet marketing has given them the privilege to browse your website/app at any time.
- Online tools such as Google analytics, pay per clicks and search engine optimization (SEO) can be used to track leads generated for the particular time being.
- Social Media acts as a whole new marketing platform, where you can gain customer loyalty and build your brand image.
- Each satisfied customer can act as a marketer for your company.
- Digital marketing offers the best opportunity to receive customer support on your social media platforms like Twitter, Facebook or LinkedIn.

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## 12.5 EXERCISE

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### Short questions:

1. What do you mean by online marketer?
2. How to make Public Relations in online market?
3. What is the primary role of a online marketer?
4. Explain the term Market information.
5. Describe the term Market trends

### Long questions:

1. Explain the importance of online marketer.
2. Explain the Role of Online Marketers.
3. What are issue of online marketer in rural area?
4. Explain the challenges of online marketer.
5. How to take place online market in rural place as compare to urban place?

### Multiple Choice Question:

1. Online banking can be resorted through \_\_\_\_\_.
  - a. Mobile phones
  - b. Internet.
  - c. Telephoned.
  - d. All of these

2. Which state/UT has launched the e-crop survey initiative?
  - a. West Bengal
  - b. Kerala
  - c. Andhra Pradesh
  - d. Maharashtra
3. Which of the following is the correct representation of Digital Marketing?
  - A. E-mail Marketing.
  - B. Social Media Marketing.
  - C. Web Marketing.
  - D. All of the above.
4. The major advantage of Online/Digital marketing is
  - A. Low-cost marketing method.
  - B. Online marketing is marketing in addition to informative.
  - C. Trackable.
  - D. All of the above.
5. Which of the following is the quality certification mark for agricultural produce?
  - a. BIS
  - b. AGMARK
  - c. ISO 20000.
  - d. ISI

**Answers:** 1-d, 2- d, 3- d, 4-d, 5-b

**Fill in the blanks:**

1. \_\_\_\_\_ an adverse impact of globalization on the rural economy.
2. The primary objective of all rural development programmes is \_\_\_\_\_.
3. \_\_\_\_\_ is concerned with the quantitative aspect, such as the price, supply, and demand in the market.

4. "Development of villages is the true development of India" was said by \_\_\_\_\_.
5. \_\_\_\_\_ credit means providing credit for the forming community.

Online Marketers

**Answers:**

1. Deforestation
2. Improving the Standard of living of rural people
3. Market information
4. Mahatma Gandhi
5. Rural

**True or false:**

1. Trends is concerned with dealing with the different customer fragments and their fragmented choice or preference.
2. Market segmentation, as the name suggests, are the varied changes occurring in the market which influence the product requirement and level and quality of competition in the market.
3. A large number of villages in the country have access to telephones.
4. Marketers are responsible for improving the public relations of the company.
5. Market information is concerned with the quantitative aspect, such as the price, supply, and demand in the market.

**Answers:**

True: 1, 2 and 3

False: 4 and 5

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