

Gist of **KURUKSHETRA**

September 2021



Rural Marketing

Rural Product
**Marketing and
Brand Management**

Effective Marketing
Through **Rural
Collectives**

Rural Marketing
Infrastructure

Rural Marketing: **Concepts
and Opportunities**

Communication Strategies
in Rural Marketing

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Gist of Kurukshetra September 2021 Issue: Rural Marketing

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Chapter 1: Rural Product Marketing and Brand Management

Introduction:

- Rural marketing and rural product marketing play a prominent role in a country like India where more than 65 percent of the population lives in rural areas.

Rural marketing and rural product marketing:

- Many times rural product marketing is misinterpreted as rural marketing. However, there is a difference between the two terms which needs to be understood.
- Rural marketing primarily views the rural population as consumers, whereas rural product marketing of the products manufactured by the rural population involves developing a better marketing and branding strategy for rural products.
- Rural marketing is an umbrella term that involves the process of developing, pricing, promoting, distributing products and services primarily to rural consumers. However, the source of these products or services may be anywhere (i.e. in both rural as well as urban areas).
- The origin of the bulk of rural products is from agriculture and allied activities, which are mainly sold in the form of 'raw' only in both rural and urban areas. For example, agri-commodities like fruits, vegetables, mushrooms, etc. In addition to these products, handicrafts and service providers such as goldsmiths, carpenters, blacksmiths, kammar, cobblers, barbers, handicraft manufacturers, etc., also form an important category of rural product and services marketing.
- There is a significant difference in the standard of living, education, awareness, income, lifestyle, taste and preferences between rural and urban consumers. In order to market rural products, one has to understand the dynamics of both rural and urban consumers and develop customised marketing and branding strategies for these categories of segments.

Growth prospects:

- There was growth in rural areas' product demand even during the COVID-19 pandemic. However, rural product marketing has not resulted in a similar growth trajectory even after continued efforts and support from the governments.

Significance:

- Rural marketing holds immense significance for the Indian economy's growth prospects given that the rural areas with a huge population base have a huge potential as a demand centre.
- Proper marketing of rural products and services may increase the existing income level of the rural poor and provide them with a better livelihood opportunity.

Challenges in Rural Product Marketing

- There are multiple limitations due to which the full potential of rural marketing has not been realized in India. Some of the major challenges are as follows.

Low Landholding Leading to Lower Scale of Production:

- Due to low landholding and lower scale of production, there is a very low level of surplus production at the family level. Also, selling this surplus produce is not profitable for the producers more so when there are limited numbers of efficient aggregators.

Seasonal Production:

- Seasonality of agriculture and allied produce creates gluts during harvest seasons and scarcity during lean seasons, thus affecting consistency in supply.

Scattered Production Centres:

- Rural production centres are highly dispersed and require a lot of effort on aggregation, organization and communication among stakeholders.

Low Demand in Rural Areas:

- Due to seasonality associated with agri-income, demand for the rural product may not remain stable or regular. This poses another set of challenges and limits the attractiveness of the rural market as a key demand driver of these products.

Limited Access to Remunerative Market in Urban Areas:

- Due to lack of information about the remunerative market, perishable nature of produce and lack of low-cost storage facility in the rural areas, rural producers have to rely on various intermediaries (viz. formal as well as informal) for selling their produce for consumption by the urban market. This limitation leads to exploitation by the intermediaries.

Transportation and Warehousing:

- Many villages are located in hilly terrains that may hinder them to sell their products to urban markets and poses challenges for efficient transportation and thus affects the supply chain of rural products.
- Warehousing is another major problem in rural areas, as there is hardly any organized agency to look after the storage issue.

Lack of Awareness and Literacy about Remunerative Market:

- Awareness of government schemes and incentives including access to cheap financing options are missing among most people.

Recommendations:

- Factors such as rising per capita income, increasing awareness towards the use of sustainable and environmentally friendly products, health consciousness of consumers, etc., provide an opportunity for marketers to focus on rural products.
- The following suggestions are proposed to help in solving the problems associated with rural product marketing in India.

Emphasis on Aggregation:

- Marketers may leverage contract farming, [Self Help Groups \(SHGs\)](#), Farmer Producer Organisations (FPOs), Cooperatives, etc. so that localised aggregation could be done in a cost-effective manner.

Creating Localised Market through Rural Marts:

- Promoting setting up rural marts as rural areas also happen to be a market for the rural products/services.

Promoting Collaborations with Commercial Organizations:

- The state should promote incentive-driven collaborations so that more such capable institutions foray into rural product marketing.
- These incentives could be in the forms of lower interest rates, exemption of certain taxes, consideration of some portion of such investments as CSR funds, etc.

Emphasis on New Product Development:

- Emphasis must be given on developing new technologies and adoption of these technologies for creating a diversified portfolio of rural products, handicrafts, sustainable and environmentally friendly packaging materials, etc.

Skilling Rural Workforce:

- Focus should be on skilling rural producers with basic skills of business management and administration, providing well trained, relatively low-cost and attitudinally aligned workforce to organizations and further improving the viability of rural product manufacturing and marketing efforts.

Communication and Promotion of Rural Products:

- A lot of emphases is needed on generating awareness about various products, brands and qualities of rural products.
- There is a need for proper branding of rural products to attract and retain customers.
- The use of social media for communication, promotion and marketing of rural products, should be given serious consideration.
- Direct marketing for rural products using SHGs and other community-based enterprises may help in the growth of the market for these types of products.

Conclusion:

- There is a growing demand for rural products in India. This provides a good opportunity for producers as well as marketers to tap this potential.
- Successful models like the 'Hub-and-Spoke' model of Coca Cola, 'Project Shakti' of HUL, 'Utsav' campaign by Asian Paints may be adopted while marketing rural products.

Chapter 2: Effective Marketing through Rural Collectives

Introduction:

- India's economic policies have always highlighted the importance of raising farmers' incomes not only through product and productivity growth but by systemic and quick disposal of their marketable surplus.
- The agrarian community is yet to taste the benefits of increased productivity due to the challenges posed by climate, agricultural market and trade domain in the globalised context.
- The traditional agriculture markets had neither been able to ensure better price discovery for the farm produce nor did they enhance appreciably the bargaining power of the farmers. Malpractices in agri-markets and exploitative attitude of village traders-cum-money lenders and other middlemen like village merchants, arhatias, commission agents, agents of processing enterprises, etc. compel the farmers to resort to distress sales.
- Lack of adequate warehouses and scientific storage facilities in the community can cause irreparable losses to the farmers. Storage, including cold storage and warehousing infrastructure, is vital to absorb shocks during intensive price fluctuation during the flush season and to ensure remunerative prices to the farmers by carrying over the agricultural produce from production periods to consuming periods.
- The lack of capital asset endowments in rural areas compels the farmers to sell their primary produce at throwaway prices to the middlemen and commission agents.

Marketing: Need for a Paradigm Shift

- India has travelled a long way from a period of subsistence farming to being a generator of surplus agri-output. This situation calls for a paradigm shift towards the development of a foolproof and sustainable agri-marketing ecosystem.
- Agriculture, like any other economic enterprise, can sustain only when it generates positive and appreciable economic returns to the farmer producers. Only a reliable, efficient, competitive and accessible market with adequate post-harvest and marketing infrastructure has the potential in generating net positive returns to the farmer producers.

Governmental measures:

- A number of measures recently implemented by the government are directed at ensuring smooth and enhanced marketability and proper price discovery for farm profits and income of farmers through the improvement of existing marketing infrastructure in rural areas. This involves initiatives such as the National Agriculture Market Scheme ([e-NAM](#)), development of rural haats into Gramin Agricultural Markets (GrAMs), creation and utilization of Agri-Market Infrastructure Fund and developing cluster-based agri-products for better demand-supply management of agri-produce.

Significance of Collectives in Rural Marketing:

- This chapter examines the effectiveness of rural community collectives like Self-help Groups (SHGs), Producer Groups (PGs), [Farmer Producer Organizations \(FPOs\)](#), Cooperatives and similar common community interest groups in making rural marketing architecture all-inclusive, hassle-free, active and efficient.

Creation of marketing channels:

- The rural collectives like Producer Groups (PG)/Self-Help Groups (SHG)/Farmer Producer Organizations (FPOs)/Cooperatives have been focusing on creating vibrant marketing facilities like storage centres/collection centres at the cluster level, mini storage centres at the village level, and nano-packaging units. They have been successful in developing competitive marketing channels in rural areas for agricultural and allied products.

Easing capacity building and technology adoption:

- The collectives are well-suited to strengthen marketing skills amongst the stakeholders in the community through the initiation of capacity building programs and by facilitating bank linkages, technology adoption and logistics management. Thus they can help promote the adoption of new technology and innovation in pre and post-harvest and agricultural produce management and preservations systems.
- Collectives are always in a better position to act as a social community-based platform for performing development activities.
- The collectives, with the active participation of members, can successfully facilitate and augment the economic performance of their businesses.

Creation of marketing infrastructure:

- Marketing infrastructure needs massive investment so as to facilitate product-specific processes in marketing and trading activities. The rural collectives have been able to mobilize financial resources to fund such marketing infrastructure.
- Collectives with their cumulative and group efforts have succeeded in the creation of scientific storage capacity for storing farm produce, processed farm produce and agricultural inputs, etc. so as to reduce post-harvest & handling losses.

Collectivization bringing strength to the bargaining power of farmers:

- The strengthening of co-operative marketing system in agriculture has allowed for the elimination of excessive dependence on agents and intermediaries in the organized wholesale markets (APMC Mandis) and unorganized rural periodical markets (Village Agricultural Markets) and ensures more direct linkage between the producers and final buyers. This has allowed for better price discovery for the farmers. Also, the collectivization of farmers to constitute FPOs/cooperatives has allowed for collective power for higher price discovery.

Recommendations:

Further diversifying the functioning of rural collectives:

- The community based financial intermediaries must get involved in post-production occupational activities like organizing collection, sorting, grading, storage, transportation, processing and marketing of the produce. Community financial institutions like SHGs, Cooperatives and FPOs besides delivering credit at the doorstep can play the role of market information centres and become major stakeholders in the agri-value chain.
- The need of the hour is to upgrade and strengthen the community level FPO/co-operative marketing infrastructure to undertake a high volume of business on a large scale take up activities like

establishment of organized facility centres for aggregation and transportation of agri-commodities, assaying, pre-conditioning, grading, standardizing, packaging and storage of the products.

Strengthening agri value chain:

- There should be an increased focus on strengthening the agricultural value chain infrastructure. There is a need to work towards reducing pre-harvest and post-harvest losses, increasing employment opportunities and raising the income level of farmers and farm entrepreneurs.

Collaborative efforts:

- Agri-value chain development should attempt to bring all the stakeholders engaged in the production system viz. input suppliers, technology delivering agencies, scientists in developing appropriate technologies and extension officers who are involved in capacity building and providing various services to farmers.

Contract farming:

- The collectives have the required strength to ensure collective participation through contract farming, and leasing arrangements and community marketing which can facilitate accelerated technology transfer, capital inflow and assured markets for agriculture produce. Since agri-markets are largely buyer-driven and vertically integrated, contract farming through community based farmer co-operatives would offer the best possible income stream to the farmers by reducing labour-related transaction costs, costs of other inputs, technology and innovation. Community producer organizations have the desired potential for balancing the complex dynamics between firms and farmers through collective bargaining.

Conclusion:

- There is the need to make agriculture remunerative and an attractive business proposition by bringing in efficiency in the rural marketing system. Rural markets need to be integrated through rural collectives.
- Rural collectives can ensure better farmer-market linkages and can effectively handle marketable surplus, provide technology and facilitate innovation in marketing, create transparent and accountable marketing channels, bring in investment in the creation of marketing facilities and generate awareness on the importance of marketability and required marketing facilities in a rural setup. The rural collectives can help create sustainable and profitable local livelihood opportunities.
- Going forward, attention should be on sensitizing the rural collectives on governance, organizational skills, team spirit of work, interpersonal communication, work allocation, payment/transaction, market systems, supply chain, etc.

Chapter 3: Rural Marketing Infrastructure

Introduction:

- “Rural marketing” connotes marketing rural products to urban consumers.
- Rural products can be categorised into two – agricultural and non-agricultural. Agricultural products include all kinds of farm produce, such as cereals, pulses, oilseeds, fibres such as cotton and jute,

spices, horticultural produce such as fruits, vegetables and flowers, products of animal origin such as milk and dairy products, egg, wool, meat, fish and so on. Non-agricultural products of rural origin include a vast variety of handmade and artisanal products such as handmade textiles and garments, crafts, articles made of leather, wood, metals and alloys, and so on.

- Urban areas and exports constitute an important market for both agricultural and non-agricultural products.

Constraints Faced in Rural Marketing:

- There are many impediments to achieving the potential of rural marketing in India. Some of the important ones are as follows.

Lack of physical access:

- One of the major constraints in rural marketing is physical access.
- For any rural produce to reach the consumer markets, or for consumers and channel members to reach rural markets, year-round connectivity and transport is essential, which has been lacking in India.

Perishable nature of goods:

- Agricultural and horticultural produce is more often than not, perishable. Hence, it requires faster and efficient transport, storage, and even processing to retain freshness and other qualitative aspects.
- Horticultural produce has to reach markets or processing centres soon after harvest. Artisanal products can be delicate or brittle. Poor means of transport means loss of quality and quantity in transit.

Lack of access to quality and reliable power sources:

- Availability of electricity forms a foundation for carrying out a wide range of economic activities in rural areas. Lack of reliable and efficient power supply affects production, especially scaling up operations or improving productivity.

Lack of awareness/market intelligence:

- Often, rural producers do not have information about changing customer preferences, as also skills of marketing.
- Information about products, prices, consumer preferences, market environment, competitors, and alternative and substitute products is essential for any marketing plan.
- Internet is an efficient and fast medium of connectivity. Lack of access to the Internet through broadband is thus, another constraint that rural producers and marketers face.

Low volumes of sales:

- The other problem in rural marketing arises due to the small quantities available for sale. More than 80 percent of India's farmers are small and marginal, with little individual, but collectively sizeable surplus for the market. These factors adversely impact the bargaining power of rural producers, even as their cost of transaction increases.

Rural marketing infrastructure:

- An efficient marketing system requires huge investments in physical and digital infrastructure that helps rural producers to connect and engage with urban markets, logistically and electronically.
- Besides roads and electricity, there is the need to also invest in post-harvest agricultural marketing infrastructure and markets.
- There is also the need for investments in imparting marketing skills to individuals, such as understanding consumer requirements, demand and supply trends, and pricing dynamics.
- Finally, since most farmers in India are small, and artisanal work is at the individual or family level, organising them into groups for generating economies of scale is important.

Governmental Initiatives:

General Physical Infrastructure:

- Physical or hard infrastructure such as roads, bridges, railways, electricity and fuel are important to enable transport, storage and physical access between producers and consumers.
- The [Pradhan Mantri Gram Sadak Yojana \(PMGSY\)](#) is an important programme of the Government of India. The scheme envisaged providing all-weather roads to unconnected habitations with a population of up to 500 in the plains and 250 and above in special category states and desert areas; up-gradation of selected Through Routes and Major Rural Links; and then connecting habitations to Gramin Agricultural Markets (GrAMs), higher secondary schools and hospitals. PMGSY-III deserves a special mention since it aims to provide all-weather road connectivity to the Gramin Agricultural Markets (GrAMs). Roads to GrAMs are expected to facilitate improved transportation of agricultural produce from villages to urban centres, and enable the better reach of inputs to rural areas.
- Investment in rural electrification is currently underway through two schemes — the Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY), and [Pradhan Mantri Sahaj Bijli Har Ghar Yojana \(Saubhagya\)](#), both under the Ministry of Power. Under DDUGJY, agricultural and non-agricultural feeders are separated in rural areas, followed by strengthening and enhancing transmission and distribution. The Saubhagya scheme has been especially successful since nearly 100 percent of rural households have been provided with electric connections.

Physical Marketing Infrastructure:

- The government has invested in post-harvest agricultural marketing infrastructure and markets.
- In 2013, the integrated Scheme for Agricultural Marketing was launched by the Government of India. AMI sub-scheme is envisaged as a subsidy of 33.33 percent of capital investments in warehousing, cold storage, primary processing, refrigerated vans, quality testing, grading, and sorting packaging and so on.
- With an objective to support agricultural marketing in rural areas, the Government of India introduced the Gramin Agricultural Markets (GrAMs) scheme to develop retail markets near the rural periodic markets or haats, which would also serve the purpose of aggregation and turn into feeder markets for APMCs. The committee for Doubling Farmers' Income suggested a "New Market Architecture", in which the GrAMs would be developed as hubs for aggregation, logistics, pre-conditioning, transport and local retail, and are eventually connected to the e-National Agricultural Market (eNAM), or to primary or secondary wholesale markets, or export markets.

- Under the revolutionary e-NAM scheme, there has also been a marked reference to Farmer Producer Organisations (FPOs), as also to advanced marketing activities such as futures trading and negotiable warehouse electronic receipt financing. Aggregating, centralised processing, packaging, and branding at common facilitation centres of FPOs would bring about efficiencies due to larger scale, which lowers costs and promotes marketing.
- For non-agricultural products, the government has schemes that facilitate marketing support by encouraging participation in craft fairs and melas.

Digital Infrastructure:

- The Government of India launched the National Optic Fibre Network in 2011, which was renamed as [Bharatnet project](#) in 2015. Under this initiative, the government aims to provide high-speed broadband connectivity to nearly 2.5 lakh Gram Panchayats. Digital India programme, Pradhan Mantri Gramin Digital Saksharta Abhiyan are also notable initiatives in this sector.
- Several corporate and private sector organisations, cooperatives and civil society organisations are utilising the online medium to connect rural artisans with customers across the globe.

Skills and Organizations:

- Although not strictly a part of marketing infrastructure, the development of marketing skills in people and helping build organisations is critical for the success of rural marketing.
- The Government of India has taken decisive steps in encouraging skill development among youth. The [Pradhan Mantri Kaushal Vikas Yojana \(PMKVY\)](#) is a landmark scheme.
- In addition to skilled individuals, marketing also requires organisational support. Such support can be in the form of pooling the output of rural producers, which provides economies of scale, and also in the form of enabling market access, access to material inputs, training and so on. The government's initiative to develop Farmer Producer Organisations (FPOs) or Farmer Producer Companies (FPCs) is a laudable step in this direction. FPOs enable collective farming, or aggregating produce, as a result of which farmers gain bargaining power, reduce costs, and can take up value chain activities such as processing, branding, and retailing. The Union Budget of 2019-20 announced a Central scheme of "Formation and Promotion of Farmer Producer Organisations", with a target of forming 10,000 FPOs in the country, between 2019-20 and 2023-24.
- In the case of non-agricultural or artisanal products, the Government has schemes that facilitate marketing support by encouraging participation in craft fairs and melas. For handicrafts, the Ministry of Textiles has the Dastkar Sashaktikaran Yojana that focuses on developing self-help groups (SHGs), artisan groups or cooperatives in clusters where artisans are located. It is envisaged that cluster development and group formation will enable artisans to grow as entrepreneurs, bring efficiency in their operations, and improve competitiveness, besides giving them a platform to connect to markets directly.

Chapter 4: Rural Marketing: Concepts and Opportunities

Introduction:

- India's rural market is increasingly becoming the economic powerhouse of the country.

- The rural areas account for about 50 percent of India's gross domestic product (GDP) and are home to nearly 70 percent of the country's population.

Governmental measures in rural marketing:

- The Government of India has been trying to reform the agriculture marketing system so as to facilitate farmers in selling their produce at a better price.
- These initiatives comprise developmental programmes, schemes, reforms and policies taken by the government to strengthen the rural marketing ecosystem.
- All these policies and programmes are being supported by higher budgetary allocations, non-budgetary financial resources by way of creating corpus funds like Micro Irrigation Fund and Agri-marketing Fund to strengthen National Agriculture Market (eNAM) and Gramin Agriculture Markets (GrAMs), market reforms like Model APLMC (Promotion & Facilitation) Act, 2017, the establishment of 22,000 GrAMs, Agri-Export Policy, the Farmers Produce Trade and Commerce (Promotion and Facilitation) Act., 2020, the Farmers (Empowerment & Protection) Agreement on Price Assurance and Farm Services Act, 2020, Amendments to Essential Commodities Act, 1955 and promotion of 10,000 FPOs.
- The recent intervention includes the 'AatmaNirbhar Bharat — Agriculture' which includes comprehensive market reforms and the creation of '[Agricultural Infrastructure Fund \(AIF\)](#)' worth Rs. 1 lakh crore.

Post-harvest and processing support:

- Various schemes like Rashtriya Krishi Vikas Yojna Remunerative Approaches for Agriculture and Allied Sector Rejuvenation (RKVY-RAFTAAR), National Agriculture Market (e-NAM), as well as Mission for Integrated Development of Horticulture and [Pradhan Mantri Kisan SAMPADA Yojana](#) (Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters) aim at promoting modern infrastructure including that of post-harvest and marketing infrastructure for agriculture marketing in the country.

New agri laws:

- "One India, One Agriculture Market" is vital for enhancing price realization by farmers so as to increase their income.
- "The Farmers" Produce Trade and Commerce (Promotion and Facilitation) Act, 2020", The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020", and the "The Essential Commodities (Amendment) Act, 2020" are the new agri laws aimed at reforming the agricultural sector.
- "The Farmers" Produce Trade and Commerce (Promotion and Facilitation) Act, 2020", aims to provide for the creation of an ecosystem where the producers and buyers enjoy the freedom of choice relating to the sale and purchase of farmers' produce.
 - This facilitates remunerative prices to farmers through competitive alternative trading channels promoting efficient transparent and barrier-free inter-state and intra-state trade and commerce of farmers' produce outside the physical premises of regulated market yards/sub-yards and deemed markets notified under various State Agricultural Produce Market legislations.

Know more about the three [farm acts 2020](#) in the linked article.

National Agriculture Market (e-NAM) Scheme:

- National Agriculture Market (e-NAM) is a virtual platform integrating physical wholesale mandis/markets of different States/Union Territories (UTs) to facilitate online trading of agricultural commodities through transparent price discovery method to enable farmers to realize better remunerative prices for their produce.
- The **e-NAM** scheme has the objective of creating an online transparent competitive bidding system for agricultural produce.

KisanRath Mobile App:

- Transportation of agricultural produce is a critical and indispensable component of the supply chain.
- During the COVID-19 lockdown situation in 2020, the Ministry of Agriculture and Farmers' Welfare launched "KISAN RATH", a farmer-friendly mobile application, to facilitate farmers in finding suitable transport vehicles for transportation of their agriculture and horticulture produce.

Farmer Producer Organisations:

- The government has approved and launched the Central Sector Scheme of formation and promotion of 10,000 Farmer Producer Organisations (FPOs) by 2027-28.
- The formation and promotion of FPO are based on the Produce Cluster Area approach and specialised commodity-based approach. FPOs will be focused on "One District One Product" for the development of product specialisation.

Transformation of Rural Haats to Gramin Agricultural Markets:

- In the Union Budget 2018-19, the government announced the decision to develop and upgrade 22,000 rural haats into GrAMs.

Agricultural Marketing Infrastructure:

- For the creation of agricultural marketing infrastructure including scientific storage infrastructure, the Ministry of Agriculture and Farmers' Welfare is implementing the sub-scheme "Agricultural Marketing Infrastructure (AMI)" of Integrated Scheme for Agricultural Marketing (ISAM) across the country.
- The government is providing financial support under Agriculture Infrastructure Fund (AIF) in terms of interest subvention and credit guarantee for projects for post-harvest management and building community farming assets such as warehouses, cold storage, silos, e-marketing, etc.

Support for Marketing of Allied Products:

- Rural produce is not only about crop production; it also includes forest produce, handicrafts and handlooms made in tribal areas, far-flung areas in the North-East, which require access to markets to ensure adequate remuneration to the workforce involved in these activities.
- In order to promote organic products, a dedicated web portal (www.Jaivikkheti.in) has been created to encourage organic farming by directly connecting the farmers in the country to the consumers to get a better price for their products.

- The Ministry of Tribal Affairs provides funds to [TRIFED](#) for marketing tribal products by empanelling tribal suppliers comprising individual tribal artisans, tribal SHGs, organizations/agencies/NGOs working with tribals, etc., under the scheme 'Institutional Support for Marketing and Development of Tribal Products/Produce'.
- The Ministry of Tribal Affairs is implementing schemes like 'Mechanism for Marketing of Minor Forest Produce (MFP) through Minimum Support Price (MSP) and Development of Value Chain for MFP', 'Institutional Support for Development and Marketing of Tribal Produce'.
- To enable a wider market for handloom weavers, steps have been taken to onboard weavers on [Government e-Marketplace \(GeM\)](#) to enable them to sell their products directly to various government departments and organizations.

Other initiatives:

- The government is implementing 'Strengthening of Agmark Grading Facilities' (SAGF), a sub-scheme of ISAM, to support the framing of grade standards and quality certification of agricultural commodities to help farmers get better and remunerative prices for their graded produce.
- Mandi price and arrival data is being captured through the AGMARKNET portal and disseminated through various modes such as DD Kisan and Kisan call centres on a daily basis to farmers.
- The government is also implementing the Marketing Research and Information Network (MRIN), a sub-scheme of ISAM.

The objectives of Integrated Scheme for Agricultural Marketing (ISAM):

- To promote the creation of agricultural marketing infrastructure by providing backend subsidy support to state, cooperative and private sector investments.
- To promote the creation of scientific storage capacity.
- To promote integrated Value Chains to provide vertical integration of farmers with primary processors.
- To establish a nationwide information network system for speedy collection and dissemination of market information and data on arrivals and prices for its efficient and timely utilization by farmers and other stakeholders.
- To catalyze private investment in setting up agribusiness projects.
- To undertake and promote training, research, education, extension and consultancy in the agri marketing sector.
- To establish a National Unified Agricultural Market through e-NAM.

Chapter 5: Communication Strategies in Rural Marketing

Introduction:

- Rural Marketing is defined as a function that manages all activities involved in assessing, stimulating and converting the purchasing power of rural consumers into an effective demand for specific products and services, and moving these products and services to the people in rural areas to create satisfaction and a better standard of living while at the same time ensuring that organizational goals are achieved for the product producers.

- The rural population stands at 833.1 million residing in 6,49,481 villages. India has the largest market in the world with rural folks having growing purchasing power and increasing aspiration levels. Rural markets have increasingly begun to have more potential for consumer durables and services.
- The growth of rural marketing leads to increased business operations, professional activities, and services that can generate a lot of employment opportunities.

Components of rural marketing:

Urban to Rural (U 2 R):

- A major part of rural marketing falls into this category.
- It includes the transactions of urban marketers who sell their goods and services in rural areas, like pesticides, fertilisers, seeds, FMCG products, tractors, bicycles, consumer durables, etc.

Rural to Urban (R 2 U):

- Here a rural producer seeks to sell his produce like seeds, fruits and vegetables, milk and related products, forest produce, spices, etc. to urban consumers.

Rural to Rural (R 2 R):

- This includes the activities that take place between two villages close to each other, like agricultural tools, handicrafts and bullock carts, dress materials, etc.

Communication in rural marketing:

- A well-defined communication strategy can substantially enhance rural marketing. The entire bandwagon of marketing goods needs a specialised communication strategy along with marketing and advertising tools.
- Rural consumers are fundamentally different from their urban counterparts socially, psychologically, physiologically, and literally. The multiplicity of languages (15 major and over 1300 dialects), diversity in tradition & cultures and poor understanding of rural customers are major challenges. While trying to chalk out a communication strategy for rural marketing, it is important to understand the rural realities and perception, rural beliefs and value system to come up with a suitable communication approach.

Communication channels:

- Communication channels to share information can be separated into two aspects: (1) more traditional and personal means and (2) digital means or channels which employ the use of more modern technologies such as the internet, electronic devices, and social media.
- Social media could have been the best marketing tool to adopt for advertising purposes but the inherent challenges associated with it, like managerial skills/expertise, perceived cost, internet accessibility, system/link upgrade, and finally financial challenges affect its adoption.

Recommendations:

- Money is of prime importance for rural customers; therefore, pricing should be affordable.

- To reach the rural market, entrepreneurs need to have high involvement in creating products that are relevant to their needs. Localisation can be improved with the direct involvement of the users by personal interviews that involve questions and answers.
- Since rural customers understand symbols and colours better; entrepreneurs need to advertise their products in such a way that rural customers can remember their brand. Communication strategies must emphasise the usage of symbols and pictures, use of colour in rural communication, use of rhythm and music, use of language, use of models and celebrities.
- Content that is socially, culturally, economically and politically relevant to a given society must be used.
- Word of mouth plays an important role in rural marketing. This should be focussed upon in communication strategy.
- Educating rural consumers is the key to successful rural marketing. Rural communication facilities like telecommunication systems, internet facilities, broadcasting systems as envisaged under [Digital India](#) have to be improved so that there will not be any communication gap among players of rural market segments. Digital sources of communication can help reduce the geographical distance and they are a less costly alternative, as it optimises the time for exchanging information. This has become all the more relevant in the post-COVID-19 era.

Governmental initiatives:

SARAS mela:

- SARAS mela is a unique initiative of the Ministry of Rural Development, under the Deendayal Antyodaya Yojana-National Rural Livelihoods Mission ([DAY-NRLM](#)) to bring the rural women SHG members formed under the said scheme on one platform to showcase their skills, sell their products and build linkages with potential market players and also, develop a market for themselves.
- SARAS mela provided an opportunity for rural producers to sell their products directly in major markets, to interact with the buyers, to study and comprehend the latter's tastes, preferences, and choices. Thus, it helped them to upgrade and tailor their products, hone marketing skills, and provide better services to the consumers while benefiting from larger marketing opportunities.

GEM:

- In May 2020, the Commerce Ministry's public procurement portal GEM started an initiative — The Saras Collection – for rural SHGs, wherein they could display their products on the platform for government buyers.
- To develop a scalable model capable of onboarding a large number of SHGs across the country in a short time frame, GeM has developed an API (application programming interface) based integration mechanism with the NRLM (National Rural Livelihoods Mission) database.

Chapter 6: Panchayati Raj: Present Status and Future Prospects

Evolution of PRIs:

- India has a remarkable achievement of continuing the Panchayati Raj System, which has been an integral part of our culture and civilization. Panchayati Raj was not a new concept in India. In ancient India, Panchayats were usually elected councils with executive and judicial powers.
- The Father of the Nation, Mahatma Gandhi, was among the first and most important leaders to advocate for Panchayati Raj. It was the centrepiece of his vision of economic development in India. Mahatma Gandhi wanted to give the villagers adequate powers so that they can achieve Swaraj or Self-Governance. However, Babasaheb Ambedkar believed that village Panchayats had very little chance of success because villages in India were caste-ridden.
- 'Village Panchayats' were placed in the Directive Principles of State Policy (Article 40) of the Constitution and states were to endow the Panchayats with powers and authority to enable them to function as units of self-government.
- The 73rd amendment of the Constitution of India provided constitutional status and institutional framework to Panchayats to strengthen grassroots level democracy through elected self-governing local bodies in the rural areas. The 73rd Amendment to the Constitution enacted in 1992, added Part IX to the Constitution. It also added the Eleventh Schedule which consists of the 29 functional items of the Panchayats. It also contains provisions for reservation of seats for women and weaker sections, regular flow of funds through State Finance Commissions and periodical conduct of elections by the State Election Commission.
 - Article 243D of the Constitution mandates that not less than one-third of seats at all levels of Panchayats shall be reserved for women. 20 states in the country have made provisions in their respective State Panchayati Raj Acts for 50 percent reservations for women. Thus it has helped promote more inclusive growth.
 - Article 243-I of the Constitution provides for the creation of State Finance Commissions (SFCs) to help structure inter-governmental fiscal relations at the state level. The SFCs have the mandate to review the financial position of the Panchayats, ascertain the fiscal gaps and make suitable recommendations to the Governor for redressing the same through tax devolution and grants-in-aid from the State.

Functional Responsibilities of Panchayats:

- The Constitution mandates the nodal role of Gram Panchayat to provide basic civil services at the local level. The functions of Panchayats can be classified into three categories.
 - **Mandatory Function:** Provisions for operation and maintenance of civic facilities.
 - **General Function:** In addition to civic and regulatory functions of the Gram Panchayats, the PRIs also carry out general functions of planning, execution, and supervision of all developmental programmes.
 - **Sectoral Function:** The PRIs as democratically elected local governments have an important role in addressing the diverse socio-economic needs of the rural community. The Constitution envisages that Panchayats will plan and implement schemes for economic development and social justice in respect of 29 subjects listed in the XI Schedule.

Significance:

Decentralization and participative governance:

- The decentralization as envisaged in the 73rd amendment encompasses political, administrative and fiscal decentralization. The Panchayats provide a diverse, widespread, and strong political foundation for inclusive and participative growth.
- The Constitution has empowered the Panchayats to plan and implement schemes for economic development and social justice. This ensures decentralized and more participative planning.

Localizing SDGs:

- Globally, the population in rural areas is 46 percent and in urban areas, it is 54 per cent of the total population. But in India, 72 percent population is rural and 28 percent is urban. Therefore, nearly 65 percent of SDG targets have local government intervention possibilities. Localization refers to the process of adapting, implementing, and monitoring the SDGs up to village level for last-mile adaptation. Formulation of local planning presents an opportunity for the Gram Panchayats to synchronise the local plans with [SDGs](#).

Challenges:

- Despite the well-thought-out provisions, there are several challenges in the functioning of Panchayati Raj institutions.
 - Though political decentralization has progressed over the years, administrative and fiscal decentralization is still evolving with a very slow transfer of functions, functionaries, and funds to the local governments. In order to make the decentralized local self-government more meaningful, states need to be persuaded to devolve functions, funds and functionaries to strengthen the Panchayati Raj system in respective states.
 - Own Source Revenue (OSR) of Gram Panchayats continue to remain at very low levels making them completely reliant on devolved funds from the centre and state governments.
 - The institutional structures like the District Planning Committees created to expedite decentralized planning have had a very poor track record.
 - People's participation in Gram Sabhas is very poor in most of the States.
 - The parallel structures or units created by Central and State Governments for implementing specific projects on education, health, etc. have robbed the PRIs of their funds and powers. It is also leading to duplication of activities in villages.

Recent Initiatives in Panchayat Governance:

e-Gram Swaraj portal:

- With the emphasis on the e-Governance operations, the Ministry of Panchayati Raj has put in place e-Gram Swaraj, a unified portal for effective monitoring and evaluation of works taken up in the Panchayats. The application improves reporting and tracking of Panchayat activities, providing a single interface for capturing Panchayat information.

Spatial Development Planning:

- 'Gram Manchitra', a unified geospatial platform, launched in 2019, helps in visualizing various developmental works to be taken up across the 29 sectors and provide a decision support system to

Panchayats during the planning process. Spatial planning improves transparency and quality of services in rural areas.

Citizen Charters for Panchayats:

- The Ministry of Panchayati Raj has launched a nationwide campaign namely, 'Meri Panchayat, Mera Adhikaar – Jan Sevaayein Hamaare Dwaar'.
- Gram Panchayats across the country prepared and published Panchayat Citizen Charters to empower the citizens in relation to public services and improve service quality on the lines of citizens' expectations.

Chapter 7: Agricultural Marketing Strategies during COVID-19

Disruption caused by the pandemic:

- The COVID-19 pandemic led to a standstill around the world and the agricultural chain in India was also affected.
- During the 2020 lockdown due to the [COVID-19](#) pandemic (in April, May and June 2020), the farmers as the sellers of their produce faced difficulty towards marketing their produce as there were restrictions for free movement and transport. Horticulturists had a tough time reaching the consumers with their perishable commodities, especially fruits and vegetables.

Marketing strategies adopted:

- The crisis brought out by the pandemic led to several innovations and models in agricultural marketing which were institutionalized by development departments, Farmers Producers Organizations (FPOs), voluntary associations and private players. They helped the farmers in marketing.
- During the COVID lockdown period, the use of ICT, social media, B2C, P2C (Production to Consumer) and C2P marketing models were promoted for strengthening the agricultural marketing chain.
 - Under P2C business mode, the product is sent to the end-user directly from producers, no more middle transaction is required.
- E-commerce through social and unconventional media reach also saw increased penetration. The Government has introduced several initiatives to enable entrepreneurs and small producers to move in the direction of Direct Marketing.
- Organizations very effectively utilized social media to communicate among the farmers (sellers) and consumers i.e. both B2B and B2C business models. They identified appropriate sellers (farmer groups or FPOs) for procurement of the produce such as fruits and vegetables. They targeted hostels/business organizations/restaurants and apartments.
- Some of the organizations made contracts/agreements with sellers (farmers/FPOs) as far as the fixation of the price of the produce was concerned.
- In some cases, common online platforms operated by these operators connected the stakeholders of both B2B and B2C transactions. Some of them started grading and packing the produce in their

own brand name and distributed it in order to create trustworthiness among the consumers. The sellers (farmers/FPOs) were given assured and better prices than the market price and consumers were assured with the supply of quality produce. They fixed the sale price after a thorough discussion with the sellers (farmers/ FPOs) and the consumers. The sellers (farmers/ FPOs) were also benefitted by avoiding middlemen and their commission charges.

Examples:

- Some of the models and strategies which were adopted towards agricultural marketing, by various players have been discussed here.

HOPCOMS Model, Karnataka:

- The Horticulture Producers Marketing and Processing Co-operative Society Ltd. (HOPCOMS), the marketing wing of the Department of Horticulture, Government of Karnataka (GoK), is involved in procurement and marketing of horticultural produces produced by the member-farmers of this society. It procures produce from the farmers and sells through sale outlets established in different parts of the state.
- During the pandemic, HOPCOMS came out with an innovative marketing model not only for the member-farmers but also for other farmers by issuing special passes for marketing. The farmers who got these special passes supplied fruits and vegetables to HOPCOMS, which in turn supplied these products to more than 90 government/private institutions such as factories, hospitals and hostels.
- HOPCOMS had a tie-up with more than 2500 associations of apartments in Bengaluru.

Model operated by Karnataka State Mango Development and Marketing Corporation Ltd:

- During the pandemic situation, the Board came out with a model in order to support the mango growers of the state, especially to market their produce.
- Through the B2C portal maintained by the Board, the consumers registered and placed orders by online payment mode. The mangoes supplied by the farmers, in pre-packed boxes, were distributed by the Board through the General Post Office (GPO) of Bengaluru through a marketing tie-up.
- The Board is also planning to have a tie-up with Flipkart for marketing of mangoes collected from Mangaluru, Dharwad, Davanagere and Belagavi districts of Karnataka, so that marketing problems during such pandemic situations can be managed effectively.

Model operated by Puthari FPO, Kodagu, Karnataka:

- During the lockdown period, the consumers of the Kodagu district were suffering from a lack of supply of fruits and vegetables. Understanding this situation, the FPO initiated a tie-up with horticulturists of 8 taluks in Karnataka, procured the produce and supplied it to the consumers at the premises of KVK, Gonikoppa, Kodagu district.
- The FPO has initiated contract farming of vegetables through farmers who had a tie-up during the lockdown period. Contract farming and establishing an exclusive rural mart at KVK are the innovations that emanated from this model.

Model operated by Palamner Farmers Producers Organization (FPO), Andhra Pradesh:

- Palamner FPO is serving its producer members of Palamner taluk of Andhra Pradesh through different kinds of extension services such as the supply of inputs (seeds, planting material, fertilizers, plant protection chemicals, farm tools and implements) and procurement and marketing of produce, etc.

UAS Alumni Association Model, Bengaluru, Karnataka:

- Association came to know that the grapes harvested by the grape growers in and around Bengaluru are being wasted due to lack of access towards market facilities during the lockdown period. In order to support the grape growers during such a crisis situation, the office bearers of this association took the initiative to link the farmers and consumers. They arranged transport for the supply of the harvested grapes through a group of grape growers and made them sell in different apartments and layouts directly.

Model operated by TENESIRI Vegetables, Karnataka:

- TENESIRI Vegetables is a private initiative to link the sellers, buyers and consumers of vegetables through its specially developed mobile app. It helps in collecting the orders from both the buyers and consumers and informing the demand to the sellers.
- During the period of the pandemic, this organization helped many vegetable growers, who registered through the app, to sell their produce without any problem.

Model operated by Village Story, Karnataka

- Village Story is yet another private initiative to unite the farmers, buyers and consumers. This initiative has its own Facebook, WhatsApp and Instagram page, which have more than 25000 clients. It used this network to sell agricultural produce during the pandemic.

Conclusion:

- The analysis of the new post covid marketing approach is gradual diversification from a heavily subsidy oriented production approach to a market-driven production and market system.
- It has been proven that with the use of ICTs, farmers can upscale and develop their enterprises while increasing their means of income.

Chapter 8: Leveraging ICT in Rural Marketing

Rural character of India:

- Despite the rapid advances India has and continues to make in urbanisation and industrialisation, 65 percent or 898 million Indians continue to live in rural areas and 54.6 percent of the total workforce is engaged in agriculture and related activities, the mainstay of rural India.
- Rural income in India comprises 46 percent of the total national income. At 890 million people, India's rural population is also the largest rural population in the world.
- Agriculture contributes to 17 percent of India's Gross Value Added (GVA) and its allied sectors like dairy farming, food processing, local textiles are an important source of income for farming communities, revenue for state governments and pride for the country at large.

Evolution of ICT in India:

- Technology has played a central role in rural India since the early days of post-independence India. Radio channels across the country hosted programmes in multiple regional languages to educate farmers dispensing information on diseases and their prevention, and other social and cultural awareness programmes.
- Since the internet boom of the 1990s, technology has become the central character in India's growth story. The number of internet users in rural India has grown to 293 million people or 39 percent of the total number of Internet subscribers in the country. Estimates suggest that by 2025, there will be more Internet users in rural India than in the country's urban centres.

Significance of ICT:

- The combination of the internet and mobile phones – the most widely used internet-enabled device – also known as information and communication technology (ICT), is a powerful tool for rural transformation.
- It can help bring millions of Indians into the ever-evolving sphere of internet-led growth and development.
- In rural India, Information and Communication Technology (ICT) has become a vessel for tremendous positive change, helping dispense crucial education to rural communities, bringing them within the folds of organised banking, healthcare and employment, and connecting them with new ideas from across the world.
 - Education—especially online education—has tremendous potential in rural India. Ed-tech undoes the structural and circumstantial barriers that otherwise prevent children from attending schools like distance, safety, hygiene and erratic presence of teachers.
 - Digital health has special scope since it removes the constraints on healthcare professionals to be physically present in order to provide quality healthcare services.
 - There is unparalleled potential in e-commerce, a major driver of global growth and consumption. To bring India's rural hinterland apace with global growth, the expansion of e-commerce platforms in these areas is undeniably important. E-commerce also offers a reverse benefit: it can bring goods produced in rural economies—handloom products, region-specific textiles and artisanal specialities—to consumers across the country, and indeed across the globe. The government's One District One Product (ODOP) scheme aims to build this supply chain of unique products of India's districts and e-commerce has a central role in bridging the supply and demand.
- The widespread inclusion of rural India into the internet sphere has opened tremendous scope for the role of ICT in rural marketing.

Scope of ICT in rural marketing:

Market intelligence:

- One of the two major components of rural marketing in the country is enabling the sale of agricultural products in urban areas. In order to maximise sales, farmers must cater to the changing landscape of urban food consumption that is increasingly veering towards organic food types and international flavours. Understanding contemporary consumption patterns will be instrumental in meeting the needs of urban consumers and farmers must be equipped to understand these patterns. Information

and communication technology can be effectively deployed to enhance their understanding of popular food types and the ways in which they can alter their farms to produce such food types.

Source of information for farmers:

- The government of India has taken numerous important steps towards educating farming communities on new methodologies, organic farming, and alternative farming practices that can reduce farmers' dependence on fertilisers and better the quality and health of their yield.
- Information and communication technology has enabled farmers to access all relevant information at the click of a button. These systems can be leveraged to bring cutting-edge technologies to farmers especially since climate change threatens many existing agricultural practices.
- Numerous mobile phone applications developed and managed by the government have digitised information on the various aspects of sowing, harvesting and selling produce in markets.
 - Kisan Suvidha app provides relevant information to farmers on weather patterns, dealers, market prices, agri-advisories, plant protection, and IPM practices among others. Unique features like extreme weather alerts and market prices of commodities in the nearest area and the maximum price in the state as well as India have been added to empower farmers in the best possible manner.
 - The application Agri-Market can be used to obtain the market price of crops in the markets within 50 km of the device's location.
 - Digital Mandi India app helps farmers to check the latest mandi prices for agricultural commodities from different states and districts.

Conclusion:

- ICT itself holds immense opportunities for expansion in rural India. In addition to dispensing information, providing services and connecting rural manufacturers and markets to the national supply chain, ICT can provide employment to millions of rural youths who are seeking to diversify their family income. BPOs are one such form of employment generation.

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