

"Mindful Marketing" The Changing Scenario In India: An Inclusive Approach For Small Holder Farmers

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Abstract: *The Indian market has changed drastically in the past decade. A decade ago, the rural and inclusive market was more unstructured and was not a prioritized target location for corporates. The cooperative companies are applying several models and strategies to be winner in the Indian market in recent years, inclusive markets have acquired significance, as the overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities. This paper discusses the present scenario of inclusive value chains and marketing, especially rural produce, and its importance, current trends, and highlights certain problems. Further it highlights the improvements that make the inclusive marketing system most effective based on secondary data, data have been grabbed out by various published report from different Indian farmers cooperative players.*

On the basis of analysis all the progressive corporates should consider inclusive marketing (Mindful Marketing) as part of their market development strategy, because BOP incomes grow it will translate to higher business growth for companies. For development sectors inclusive marketing can help empower the poor economically.

Keyword: *Inclusive value chain, Inclusive marketing, Smallholders producers*

I. Introduction

Emergence of Inclusive Value Chain & Marketing: -Indian rural sector is the major contributor to the GDP of the nation and hence lack of development in villages means to lack of development in India. Cooperative inclusive business models are playing an important role have to share a major credit in the growth of the rural sector, government and private sectors contribute to the overall economy of India. Cooperatives cover more than 97 percent of Indian villages.

A marketing system is a self-motivated space, which integrates resources, roles, relationships, rules and results in which private and public players collaborate, coordinate and compete for the production, distribution and consumption of goods and services. The inclusion (or exclusion) of the poor, particularly small farmers and artisans, poor can be and are being included, not as an "act of charity" or "corporate social responsibility, but because their inclusion is profitable for all get-togethers, including the producers themselves. The behavior and performance of these participants are affected by other factors, decisions, and by rules, incentives and the physical environment.

Mindful marketing' is a sensible effort to market a product whereby the seller does not squeeze the producer on price of the commodity rather understands the difficulties involved in the production process and acts accordingly with compassion and cooperation. In other words, the producer (here farmer) decides the price of the commodity, which is intended for sale unlike the market fixing the price of commodities. It is a unique concept that may not fit into the corporate agribusiness but is apt for the smallholder farmers who face a lot of difficulties for market access.

The term "inclusive" refers to support business models at the local and national level where value chain linkages are at their weakest. It relates to the limitations of linking commodity- dependent smallholders to markets and the quality of the inclusion. Inclusive market systems are the ones that engage and benefit from a range of players including the poor, women, youth, minorities and/or other marginalized groups who are often excluded or even exploited by traditional marketing systems. In inclusive value chain and marketing systems, such players are in a position to acquire access to the opportunities, skills and resources to upgrade, and the capabilities to engage with and influence these systems to reap the benefits that arise from the upgrading process. (figure-1)

(Figure-1)



Features of inclusive Marketing in India: - India is a country of small farmers. About two- thirds of its 1.3 billion people still live in rural areas and farming is the backbone of their livelihoods. Modern retailing and the growth of exports affect India's small producers in spite of this there is an out mismatch between traditional small producers and the new multi- branch retailers. Modern retail chains require large volumes of standardized products, delivered at a precise time and to closely specify high quality standards. There are almost 92 million small farms in India, and many more millions of non-farm artisans. The inclusive value chain and marketing of agriculture products of research discussed here includes a miserable 70,000 producers, and is not intended to be representative of India as a whole. However, that is impossible for small farmers and artisans to be included and plays a profitable part in modern, integrated value chains.

Amul is one of the first example of effective value chain and inclusive marketing, as it reaches out to over two million people and is a highly profitable cooperative model; it has not made its producers rich although it provides them with a reliable supplementary source of income. Inclusive value chain perspective helps to explore the growth potential of specific pastoral products.

What Makes Inclusive Marketing a Tools of Poverty Alleviation:- Poverty alleviation is progressively associated with small-scale commercial farm and non-farm activities. A key concept is the creation of value chains integrating farmers into local as well as high value markets.

Inclusive value chain and marketing help to spread market-led development generates the income and sustaining itself, efficient markets drive out less competitive producers. So it is far from faultless to which pro rural poor will eventually benefit from value chain interventions. Small producers are often organized into cooperatives in order to achieve economies of scale and bargaining power of most of the products, generally organic inputs, for that now consumer are willing to pay premium price in urban areas, various livelihood and inclusive value chain interventions are mainly undertaken by institutions that specialize in providing finance, or technical training, or marketing, or administration, or some other service. Such institutions supply the input that they are available to.

II. Litratue Review

Over the past decade, there has been an increase in investments aimed at facilitating the integration of smallholders into value chains, many of which have adopted a value chain approach, the producer-first buyer point of sale continues to be the most inefficient linkage, affecting the overall chance of a competitive and inclusive value chain (FAO Inclusive Business model 2015).

As observed by Malcolm Harper, John Belt and Rajeev Roy (2015) "Commercial and Inclusive value Chains (Doing Good & Doing Well)- The study gives the review of overall value chains and discusses the theoretical foundations of value chains in developing countries which captures value within a market network of producers, suppliers and consumers. There is consensus among scholars that, value chain intervention can enable the poor to participate in the markets (Jones 2011). This is achieved through facilitating better functioning of markets by increasing flow of information and knowledge to the small producers and empowering them to sell in a more stable and high value market.Producer-driven models such as cooperatives and farmer-owned businesses have had a mixed record of providing members with economic benefits in terms

of access to dynamic markets. (Huang J. T. Reardon, 2008) found that membership of producer organisations was correlated with participation in modern markets in only half of the countries; in the rest the correlation was not significant or was negative. This is indicative of the very diverse roles of producer organisations, from political lobbying to providing channels for government subsidies. Marketing cooperatives are rare, and members typically remain oriented towards the traditional commodity markets. In cases such as Honduras, where they do exist, agribusiness has been averse to purchasing from cooperatives due to slow decision making and limited entrepreneurial focus:- The first concept is that small-scale institutional innovations focused on reducing inefficiencies in the value chain are more effective than macro trade- and price-related policies. These initiatives can be far removed from the realities and needs of business. Among the entrepreneurial requirement, market linkage has been an important factor in its success. It has helped entrepreneurs to remain in the business. D. Kumara Charyulu, Subho Biswas (2010):- CMA Publication: Address organic Input Production and Marketing in India – Efficiency, Issues and Policies:- predominantly explored five major issues, an overview of organic farming in the World and in India and SWOT analysis of organic farming to articulate, refine, redefine policy perspective and schemes. What are the underlying issues and conceptual framework can briefly examine, what is the capacity utilization and efficiency of production units sanctioned under NABARD and NCDC.

I) Objective of the Study

- 1- To understand inclusive marketing and study its current scenario.
2. Understanding different strategies followed by small holder farmers for marketing.
3. To explore the untapped opportunities in inclusive marketing and understanding the challenges ahead.

II) Research Methodology:- This paper is based on secondary data. Data has been grabbed out by various published report from diverse Indian farmers' cooperative players. There are seven case studies have been analysed based on their inclusive value chain and marketing

III) The Major Players in the Inclusive Marketing

1- Amul (GCMMF):- Gujarat Cooperative Milk Marketing Federation Ltd. (GCMMF), is India's largest food product marketing organisation with annual turnover (2016-17) US\$ 4.1 billion. Its daily milk procurement is approx 18 million lit per day from 18,549 village milk cooperative societies, 18 member unions covering 33 districts, and 3.6 million milk producer members.

It is the Apex organisation of the Dairy Cooperatives of Gujarat, popularly known as 'AMUL', which aims to provide remunerative returns to the farmers and also serve the interest of consumers by providing quality products which are good value for money. Its success has not only been emulated in India but serves as a model for rest of the World. It is exclusive marketing organisation of 'Amul' and 'Sagar' branded products. It operates through 56 Sales Offices and has a dealer network of 10000 dealers and 10 lakh retailers, one of the largest such networks in India. Its product range comprises milk, milk powder, health beverages, ghee, butter, cheese, Pizza cheese, Ice-cream, Paneer, chocolates, and traditional Indian sweets, etc. GCMMF is India's largest exporter of Dairy Products. It has been accorded a "Trading House" status. Products are available in USA, Gulf Countries, Singapore, Philippines, Japan, China and Australia. GCMMF has received the APEDA Award from Government of India for Excellence in Dairy Product exports for the last 16 year.

Marketing Strategy:

- 1. Developing Demand and Supply Simultaneously:** GCMMF has innovative marketing strategy they are developing demand out of consumers with low consumption of milk and milk products and with limited purchasing power, AMUL products were offered at low price with guaranteed value for money to the customers.
- 2. Focusing on Cost:** Amul brand pricing strategy is focus on cost In order to keep the costs of operations at the minimum, only core activities like processing of liquid milk and conversion to variety of dairy products and associated research and development were carried out by AMUL and third party services are utilizing for collection of milk and distribution of milk and milk products.
- 3. Gradual Development of Product Mix:** GCMMF beginning with liquid milk, the product mix was enhanced slowly by progressive addition of higher value products while maintaining desired growth in existing products.
- 4. Developing Supply of Products and Assuring Steady Growth:** Fair prices were offered for procurement of milk to give a reasonable return. Cash payment is usually made to take care of liquidity problems of the farmer members. Part of the surplus is used for providing veterinary services, making cold storage facilities available and educating members in improving basic knowledge of animal husbandry to improve yield.

2- Lijjat Papad:- Started with a loan of Rs. 80 the Cooperative transformed into the most successful in India with a sales figure of Rs. 5.6 billion. Shri Mahila Griha Udyog Lijjat was founded in 1959 with the goal of empowering women by providing employment opportunities for them.

Shri Mahila Griha Udyog Lijjat was founded in 1959 with the goal of empowering women by providing employment opportunities for them. Shri Mahila Griha Udyog Lijjat Papad is a women's organisation manufacturing various products from Papad, Appalam, Masala, Gehu Atta, Chapati, SASA Detergent Powder, SASA Detergent Cake (Tikia), SASA Liquid Detergent. The organisation is wide-spread, with its Central Office at Mumbai and it's 81 Branches and 27 divisions in different states all over India.

Lijjat Papad's core values are based on three concepts.

- (1) **The concept of business:** It comprises quality at reasonable cost of production, not accepting charity or donations, sound financial practices and professional network of distribution.
- (2) **The concept of family:** The members work like a family and decisions is taken with consensus, managing committee members have even right to veto a decision.
- (3) **The concept of devotion:** The members do not look upon the organization as a mean of earning money. It is a place of worship to devote one's energy not for his or her own benefits but for the benefit of all. The work is done as worship. Membership is open to every woman who has faith in its basic concepts.

3- Just Change India Producers:- (TN & Kerala)-It is rooted in the concept of creating direct links right across the economic chain - from laborers and producers all the way through to consumers and investors and enabling them to participate in the economy in a cooperative manner. Just Change started procuring Coffee from the Adivasi community in Gudalur and created value chain by developing the brand "The Coffee Gatherer".

4- ITC e-Choupal:- ITC e-choupal is an innovative market-led business model designed to enhance the competitiveness of Indian agriculture. e-choupal leverages the power of Information and Digital Technology and the internet to empower small and marginal farmers with a host of services related to know how, best practices, timely and relevant weather information, transparent discovery of prices and much more. e-Choupals not only connect farmers with markets but also allow for a virtual integration of the supply chain and create significant efficiencies in the traditional system.

A business concept embedded with social goals, e-Choupal was designed to empower farmers and triggers a virtuous cycle of higher productivity, higher incomes, enlarged capacity for farmer risk management, and thereby larger investments to enable higher quality and productivity. These interventions have helped transform village communities into vibrant economic organisations, by enhancing incomes and co-creating markets. ITC's e-Choupals serve 40,000 villages and 4 million farmers, making it the world's largest rural digital infrastructure created by a private enterprise. ITC e-Choupal leverages the Company's own expertise and product/service specific partnerships with leaders in respective fields to deliver world-class quality of goods and services. While farmers benefit through enhanced farm productivity and higher farm gate prices, ITC's Agri Business 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, ITC e-Choupal has already become the largest initiative among all Internet-based interventions in rural India. Its services today reach out to over 4 million farmers growing a range of crops - Soybean, Wheat, Rice, Maize, Coffee, Marine Products and Fruits - in over 35000 villages through 6100 kiosks across 10 states.

5- Madhya Pradesh Women Poultry Producers Company Pvt Ltd (MPWPCL) incorporated as a producer company under 'Companies Act, 1956' has ten producer organizations operating under it, each holding a stake in the producer company. Each of these producer organizations is an independent entity involved in providing services like - input supply, production support as well as marketing broiler poultry to its members. The cooperative membership extends to 4214 women poultry producers belonging to poor tribal and dalit families spread over Hoshangabad, Betul, Sidhi, Dindori, Chhatarpur, Tikamgarh, Sagar, Vidisha, Singrauli & Shadol districts of the state, MPWPCL is today one of the largest

people's institution in Central India posting collective sales turnover of Rs 140 crores in FY 2014-15 and has impacted over four thousand five hundred families in the region.

Madhya Pradesh Women Poultry Producers Company Pvt Ltd (MPWPCL) is an initiative that PRADAN (Professional Assistance for Development Action) has promoted in order to make a much needed and sustainable economic intervention in the rural areas. MPWPCL has been set up to capitalize on the lucrative opportunities in the poultry industry.

Sukhtava Chicken:- It is the "Retail Brand" of small holder poultry model promoted throughout all the cooperatives in M.P., the pilot retail shops were started in Bhopal and now each cooperative have its own Retail shop under the brand name "Sukhtava Chicken". These shops are one-of-its-kind and consist of all the modern tools and techniques for selling and processing chicken and maintaining the hygienic conditions. Its complete package of "Value for money" for those who prefer to buy hygienic and processed chicken. There are further plans to expand our retail chain by franchise model as well as by our owned shop in each and every corner of M.P. and try to fetch more margins and profits for small producers as well as to present a unique identity.

6- Navdanya:- Navdanya means "nine seeds" (symbolizing protection of biological and cultural diversity) and also the "new gift" (for seed as commons, based on the right to save and share seeds In today's context of biological and ecological destruction, seed savers are the true givers of seed. This gift or "dana" of Navadhanyas (nine seed) is the ultimate gift – it is a gift of life, of heritage and continuity. Conserving seed is conserving biodiversity, conserving knowledge of the seed and its utilization, conserving culture, conserving sustainability. Navdanya is a network of seed keepers and organic producers distribute among 18 states in India. Navdanya has helped create 122 community seed banks across the country, trained over 5,00,000 farmers in seed sovereignty, food sovereignty and sustainable agriculture over the past two decades, and helped setup the largest direct marketing, fair trade organic network in the country. Navdanya has likewise set up a learning center, Bija Vidyapeeth (School of the Seed / Earth University) on its biodiversity conservation and organic farm in Doon Valley, Uttarakhand, North India. Navdanya is an active participant in the rejuvenation of indigenous knowledge and culture. It has created awareness on the hazards of genetic engineering, defended people's knowledge of biopiracy and food rights in the face of globalisation and climate change. Navdanya is a women centred movement for the protection of biological and cultural diversity.

7- Eco Farmers Market:- Eco-Farmers Market is a IT-enabled platform created by ASHA (Alliance for Sustainable and Holistic Agriculture) for facilitating better information flows that assist marketing of produce from ecological agriculture and therefore, support the livelihoods of farmers who are making the difficult shift for the better in their farming practices and approaches. This is a platform that seeks to connect registered organic producers with registered procurers of such production mainly in the form of procurers and distributors.

Eco-Farmers Market has registered distributors and procurers from all major cities and towns of India, so that organic producers all over the country could receive the support of these procurers. ASHA believes in a multitude of localized, small scale efforts related to organic production, procurement and consumption and in efforts that lead to empowerment of producers and their collectives.

Challenges:- However, this will be insufficient to trigger widespread adoption of inclusive business models along with marketing unless the risks and costs are addressed. Key to overcoming the costs and risks is producer coordination, market coordination, intermediation, information, knowledge management and buyer behaviour.

Unskilled people, under developed market lack of communication facilities many languages, vastness and uneven spread, low per capita income, poor infrastructure facilities and seasonal demand are the major challenges in the current scenario.

Two big challenges are evident when pursuing to apply inclusive marketing models in India, economies dominated by small-scale producers, either for domestic retailing and processing, or exporting.

- 1- The first is organising and upgrading supply from a dispersed producer base.
- 2- Second is traceability and quality assurance, through attention to the 'partner network' in the business model framework, the value proposition of modern agri-food business and cost structure can be maintained or even strengthened by building in inclusion of small-scale producers and supplier

The biggest challenge is at the policy level, the procedures are quite cumbersome at least in the case of inclusive marketing of agricultural products.

Untapped Opportunities: - There are ample opportunities in inclusive value chains and marketing, progressive corporates will consider inclusive marketing segment of their marketing development strategy, because as bottom of pyramid incomes grow and it will transform to higher business growth for companies, for development professional's inclusive marketing can help empower the poor economically.

There are almost 92 million small farms in India, and many more millions of non-farm artisans. The value chain research discussed here includes a mere 70,000 producers, and does not claim to be representative of India as a whole. The results do show, however, that it is possible for small farmers and artisans to be included and play a profitable part in innovative, integrated value chains.

III. Conclusion

To introducing the reform in rural India, furthermore of the state government decided to allow farmers to sell their produce in the open market. Movement purpose to facilitate better financial remuneration for the farmers who would now be free from the regulatory mechanism of agriculture produce marketing committees (APMCs), simultaneously strengthen National Agriculture Mission (NAM) for "free and fair agriculture trade". Smallholder producers qualify as a new business opportunity in India, consumers, wholesalers and retailers can now buy direct from farmers rather than operate through the government-controlled APMC wholesale markets or any middleman. Inclusive marketing models are emerging, which combines a "bottom of the pyramid" approach to both the input and output sides of the farm-to-consumer value chain. An increasing number of companies and their commitments to the development agenda to their customers and shareholders within a wider 'corporate responsibility' framework, many large corporate now at a point the 'inclusive business' and CSR part company. Collective action is still an important strategy to increase smallholders or BOP producer participation in emerging modern markets and to generate sustained commercial flows of high quality products.

This is an extension of the approach advocated by Prahalad and Hart (2002), which argue that corporations can make considerable profits by designing new business models and products to target the four billion poorest people who make up the base of the economic pyramid. All the inclusive marketing and value chains models become profitable and are not dependent on subsidies or 'corporate social responsibility' budgets. Commercial firms regarded any initial losses as investments in future profitability.

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