VPM's
DR VN BRIMS, Thane
Programme: PGDM (2018-20) (Mktg.)
PGDM Trimester IV Examination 2019

Subject	**Rural Marketing**		
Roll No.		**Marks**	**60 Marks**
Total No. of Questions	**7**	**Duration**	**3 Hours**
Total No. of printed pages	**3**	**Date**	**30-09-2019**

Note: Q1 is compulsory and solve any FOUR from the remaining SIX questions.

Q1) 20 Marks (Compulsory)

Read the following case and answer all the questions below:

Appachi's Integrated Cotton Cultivation: Innovative Model

Appachi Cotton Company (ACC), the ginning and trading house from Pollachi (Coimbatore district of Tamil Nadu, India) hit the headlines in May 2002 for the street play it employed to encourage farmers in the Nachipalayam village in Kinathukadavu block of Coimbatore to sow cotton seeds in their fields. The singer in the street play assured cotton farmers that, unlike in the past, they would not be disappointed if they cultivated cotton on their fields, as they would be backed by a model called the Integrated Cotton Cultivation (ICC), which would guarantee a market-supportive mechanism for selling their produce.

ACC caters to top-bracket, quality-conscious clients from the textile industry in India and abroad, and their client specific operation has won them laurels. ACC is the only private ginner in the country to have successfully entered backward and forward integration between the 'grower' (farmer) and the 'consumer' (textile units). Well in advance of the 2002 *kharif* sowing season, ACC undertook the Herculean task of integrating about 600 farmers belonging to various districts of Tamil Nadu on a holistic plank. This was done at a time when failure of monsoon for the third consecutive year was imminent. This led to the farmers' perceiving the ICC programme as a boon, as their traditional sources of finance and support had refused further funds due to non-recovery of earlier loans.

The Appachi formula ensured that its farmer members never went short of money and materials during the crucial 100 days of the crop cycle. The contract assured the farmers easy availability of quality seeds, farm finance at an interest rate of 12% per annum, door delivery of unadulterated fertilisers and pesticides at discountedrates, expert advice and field supervision every alternate week, anda unique selling option through a MoU with the coordinatingagency (ACC).

The core principle of the formula lies in the formation of farmers' Self-Help Groups (SHGs). Each farmer belonging to a SHG is sanctioned Rs 8000/acre as crop loan @ 12 % p.a. interest.Disbursement of this amount is strictly need-based. Allocation and disbursement is at the behest of the coordinating agency. Hence all requests are scrutinised, evaluated, authenticated, and only then recommended to the lending bank. All the participating farmers are asked to issue PDCs (Post Dated Cheques) for the loan they avail. Hence, the moral responsibility of fulfilling the bank's obligation squarely lies on the participating farmer.

The Appachi formula differs significantly from other existing contract farming models on its 'pricing' front in that no prior price fixing is done in this model. As cotton is a commodity prone to price fluctuations due to domestic and international market forces, ACC did not wish to create a climate of uncertainty due to pre-fixed prices with the contracting farmers.

"Various methods including street plays, village level meetings,display and print materials, door-to-door campaigns, and pressmeets were used to attract farmers' attention and gain theirconfidence. A major portion of our energies were dedicated tobringing together all the linkage players such as the banks, insurancecompany, farm service providers, and consuming textile units andensuring that they stayed committed to the programme. Thesuccessful implementation of this programme with activeparticipation of 12 farmer groups belonging to variousbackgrounds and the linkage players itself amplifies the clarityand the transparency the formula holds," says Mr. ManiChinnaswamy, Managing Partner of ACC.

By integrating backward and forward with the producing and the consuming communities, ACC has attempted to address all the existing maladies of the cotton supply chain. According to the leading ginner, who spearheaded the unique supply chain model, such a system is 'the need of the hour' today not for the 'growth' of textile industry in India but for its 'very survival' given the imminent hardships and emerging challenges arising out of the perils of WTO (World Trade Organisation) and MFA (Multi Fibre Agreement). Commenting on the future expansion plans of the company, Mr. Mani said "The current membership size of these groups is expected to double/triple by the next sowing season".

Key principles of the ACC model:

- One village, one group (SHG)
- One village, one variety/hybrid of cottonseed
- Crop loan at 12% per annum on Group's guarantee
- Door delivery of quality inputs at discounted rates
- Cotton crop insurance
- Synchronised sowing
- Integrated crop management through competent FarmService Centres
- Contamination control measures from farm to factory
- Assured buyback of final produce from farmers' doorsteps
- The sponsor (ACC) plays the role of a perfect coordinator/ facilitator between the producer and the consumer.

The Appachi Formula of contract farming has been so successful that the Tamil Nadu Government is now keenly interested in replicating this formula in various cotton-growing districts of the State. After successive high-powered meetings with concerned State Ministers and officials, the formula has got a new fillip. The State machinery is actively participating in propagation of this model in Theni and Namakkal Districts.

1. Analyze the concept of 'Contract Farming' and its role in modern business.
2. Evaluate role of SHGs in the ACC model.
3. How does model of contract farming supports idea of Inclusive business for BOP (bottom of the pyramid) segment?
4. Where else do you think ACC model can be applicable for contract farming and why?

Attempt Any FOUR from the Remaining SIX Questions

Q2) ***Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks***

a) Analyze social, economic and technological environment in India for rural marketing.
b) How does Census of India and Global FMCG giants classify rural market in India?
c) Evaluateany five prominent characteristics of rural markets in terms of challenges for marketers.

Q3) ***Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks***

a) Describe any two rural innovations targeted to BOP segment? How does it address

4As of BOP marketing?

b) Analyze various criteria for rural segmentation as per the new SEC.
c) How does opinion leader influence rural buying behavior? Justify with examples.

Q4) ***Any two from (a) or (b) or (c) ——— (5x2) = 10 Marks***

a) Illustrate stages in rural buying behavior for any consumer durable product.
b) Considering the packaged food category from FMCG industry, create STPD for any brand for rural segment.
c) Analyze the role of regulated markets in Indian economy. What are its advantages to farmers?

Q5) ***Any two from (a) or (b) or (c) ——— (5x2) = 10 Marks***

a) Analyze any two types of rural cooperatives and its functions through any two successful models in India.
b) Discuss any five product strategies for rural markets from FMCG sector.
c) Develop a rural communication plan for a FMCG company for the state of Maharashtra.

Q6) ***Any two from (a) or (b) or (c) ——— (5x2) = 10 Marks***

a) Explain Penetration, Psychological and Economic product pricing with examples from rural markets.
b) functions of packaging in rural markets?
c) Analyze any five brands for their successful strategies in rural marketing communications.

Q7) ***Any two from (a) or (b) or (c) ——— (5x2) = 10 Marks***

d) Analyze any five reasons for huge opportunities offered by rural markets of modern India.
e) Illustrate the levels of distribution in rural markets. Evaluate any three key challenges of rural distribution.
f) How does Agricultural Export Zones (AEZs) offer ample opportunities for Indian farmers in International business?

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