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## Enhancing income of farmers through branding of agricultural produce

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### Abstract

Agriculture has always been country's most important economic sector. It is the major source of livelihood to almost over 65% population of the country but contributes only 19% of the GDP. India has been always known for producing diversified agricultural products and has the potential of being the biggest country with the food and agricultural sector. Thus, considering the fact that it is a large producer of many agricultural products, the country has not been able to develop itself as a major player in the field of agricultural products. For example, although India is the world's second largest producer of fruits & vegetables, but hardly 2% of the produce is processed. This is because India's food processing sector is at very nascent stage and has still a long way to go. Historically, agriculture in India has been organized on a local basis with often the local production meeting the local demand of Indian consumers. However, diversity in India provides enough scope for the growth and export of many specific products required by other countries. With the advent of globalization and shattering of trade barriers, today agriculture is a multi-billion dollar global industry. Farmers and major corporations all over the world are exporting and selling their products around the world. Like with other consumers and industrial products, even agricultural products are becoming global in nature. It is no wonder that today a consumer can relish Indian mangoes in USA or a consumer sitting in India can relish Brazilian coffee. However, selling agricultural produce is easier said than done. Barring a few agricultural products like Assam tea or Brazilian coffee which have become global products because of their "branded origin", most of the agricultural produce is still sold as a commodity in most parts of the world and India is no exception. This paper examines the current agricultural scenario in India and explores branding as an important strategic tool for enhancing the farmer's income in India. It also covers some of the challenges that Indian farming community is facing today and means and ways to overcome the same.

**Keywords:** Agriculture, branding, strategy, food processing, supply chain management

### Introduction

Agriculture has always been country's most important economic sector. It is the major source of livelihood to almost over 65% population of the country but contributes only 19% of the GDP. India has been always known for producing diversified agricultural products and has the potential of being the biggest country with the food and agricultural sector. India is the largest producer of milk, fruits, cashew nuts, coconuts and tea in the world, the second largest producer of wheat, vegetables, sugar and fish and the third largest producer of tobacco, cotton and rice. Adding further, India produced 1.7 million tons of poultry meat in 2004-05, making it world's fifth largest producer, the consumption of poultry meat is significantly smaller than the world's per capita poultry meat consumption of 11 kg a year. India is also the sixth largest producer of eggs in the world, producing 40.4 billion eggs though it consumes only 44 eggs per person per year. However, Indian agriculture suffers from a mismatch between food crops and cash crops, low yields per hectare except for wheat, volatility in production and wide disparities of productivity over regions and crops. Domestic production of pulses and oilseeds are still below the domestic requirements and India imports pulses and edible oils to satisfy domestic demand. Moreover, every year about 20 per cent of the crop is lost due to mishandling, spillage, floods, droughts and pests and diseases. The estimated loss <sup>[1]</sup> of fruits and vegetables alone is to the tune of Rs. 22000 crores in a year. Ironically, despite being world's leading producer of many agricultural

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<sup>1</sup> Speech by Mr. Subodh Kant Sahai, Hon'ble Minister for Food Processing Industries at 'Foodworld India 2005' organized by FICCI.

commodities, often there is severe short supply of farm products in India. Over two billion people, most of whom are women and children, suffer due to severe malnutrition and micronutrients-deficiency. Thus, considering the fact that it is a large producer of many agricultural products, the country has not been able to develop itself as a major player in the field of agricultural products. For example, although India is the world's second largest producer of fruits & vegetables, but hardly 2% of the produce is processed. This is because India's food processing sector is at very nascent stage and has still a long way to go.

The food processing sector covers fruit and vegetables; meat and poultry; milk and milk products, alcoholic beverages, fisheries, plantation, grain processing and other consumer product groups like confectionery, chocolates and cocoa products, soya-based products, mineral water, high protein foods etc. The most promising sub-sectors includes soft-drink bottling, confectionery manufacture, fishing, aquaculture, grain-milling and grain-based products, meat and poultry processing, alcoholic beverages, milk processing, tomato paste, fast-food, ready-to-eat breakfast cereals, food processing, food additives, flavors etc. These facts clearly show that the food processing in India has tremendous potential and can be a growth vehicle for stimulating demand at global and national level which in turn will lead to demand for more agricultural commodities. The highest share of processed food is in the dairy sector, where 37 per cent of the total produce is processed, of this only 15 per cent is processed by the organized sector. Considering the fact that in the last decade, the share of our agriculture in our GDP has fallen from 40% to less than 20%, it is imperative that stern and bold initiatives are taken to increase the productivity of our farmers and enhance their income through some innovative initiatives. Branding of agricultural produce may be an answer to get higher price for our nation's agricultural products at the global & national level. However, it is a fact that we cannot export more, unless we have more to export. The recent shortage of pulses in our country led to import of 1.8 million tonnes<sup>[2]</sup> of pulses (both by government and private traders) during 2006-07. Our country is still facing an estimated shortfall of 3.61 million tonnes of pulses.

To overcome such issues and achieving food security, it is important that we increase our productivity and motivate our farmers to use modern farming techniques and modern marketing methods to lead to path of self-sufficiency. Since 70 percent of India's population lives in rural areas, it is essential to lay adequate emphasis on increasing agricultural productivity. Since per capita availability of land is less than 1.5 hectares, there are severe limitations to expanding employment opportunities in agriculture<sup>[3]</sup>. Also, greater focus on emerging areas in agriculture like horticulture, floriculture, organic farming, genetic engineering, food processing, attractive and useful packaging and of course, branding can lead to better price realization for the benefit of our farmers.

**Objectives of the Paper**

The main objective of the paper "Enhancing Income of Farmers through Branding of Agricultural Produce" is to

examine the strategies for enhancing the income of farmers using branding as a tool. It includes strategies as well as suggests policy initiatives that can lead to increase in the productivity, production and profitability of Indian farmers. This paper examines the agricultural scenario in India and projects branding as an important strategic tool for enhancing the farmer's income. It also covers some of the challenges that Indian farming community is facing today and means and ways to overcome the same.

**Agricultural Scenario of the Country**

India accounts for nearly 17% of world population but only 2.4% of the world's land mass, 4% of available water resources and 1% of global forest resources. About 84% of water use is on account of agriculture, while nearly 90% of forest produce consumption is for fuel and fodder. The declining share of agriculture in GDP has led to the present situation where nearly 60% of India's population shares barely 22% of output. It would therefore be apparent that any strategy for inclusive and sustainable growth would necessarily need to encompass rural India. Considering that over 60% of Indians are dependent on agriculture, the role of our farmers becomes all the important in our economy.

**Table 1:** India has been unable to reduce the proportion of its population employed in agriculture

Country	Agriculture	Manufacturing	Services
India	60.0	12.0	28.0
Vietnam	56.8	37.0	6.2
Thailand	49.0	14.0	37.0
China	45.0	24.0	31.0
Indonesia	43.3	18.0	38.7
Malaysia	14.5	36.0	49.5

Source: Businessworld: Y V R Different (Feb, 2007)

In the year 2005-2006, the agriculture sector had a relatively better performance, which saw agriculture<sup>[4]</sup> growth by an impressive 6%. However, the sector's share in India's economy continues to decline, from around 22% in 2000-01 to 18% in 2005-06. If we really take the average of the past four years' performance, it is only 2%, which clearly points to the dismal state of Indian agriculture. Also, the unique characteristics of Indian agriculture render the task of fashioning growth strategies for rural India even more complex. Fragmented land holdings make extension services unviable. Further, oft-quoted prescriptions advocating economies of scale through corporatization of farms and contract farming have not proved popular with farmers due to fears of large scale displacement of labor and apprehensions of exploitation at the hands of more powerful corporate entities.

**Table 2:** Agriculture still forms the smallest contributor compared to manufacturing and service sector

Country	Services	Manufacturing	Agriculture
INDIA	53.6	27.4	19.0
VIETNAM	38.1	41.0	20.9
THAILAND	46.0	44.1	9.9
CHINA	40.2	47.3	12.5
INDONESIA	40.8	45.8	13.4
MALAYSIA	41.8	49.8	8.4

Source: Business world: Why India's growth story is different (Feb, 2007)

<sup>2</sup> Food Ministry claims inflation will start falling soon, MINT, new report dated 01/05/2007

<sup>3</sup> PM for labour intensive industrialization, Hindustan Times, 02/05/2007, report by Deepak Joshi and Gaurav Chaudhary

<sup>4</sup> Agriculture lags amid 9% growth, MINT, 1<sup>st</sup> Feb, 2007 news report by Paromita Shastri

Historically, agriculture in India has been organized on a local basis with often the local production meeting the local demand of Indian consumers. However, diversity in India provides enough scope for the growth and export of many specific products required by other countries. With the advent of globalization and shattering of trade barriers, today agriculture is a multi-billion dollar global industry. Farmers and major corporations all over the world are exporting and selling their products around the world. Like with other consumers and industrial products, even agricultural products are becoming global in nature. It is no wonder that today a consumer can relish Indian mangoes in USA or a consumer sitting in India can relish Brazilian coffee. However, selling agricultural produce is easier said than done. Barring a few agricultural products like Assam tea or Brazilian coffee which have become global products because of their “branded origin”, most of the agricultural produce is still sold as a commodity in most parts of the world and India is no exception.

### Food processing: Future Growth vehicle for Indian Agriculture

Before we study the strategies for enhancing the income of farmers, it is very important to understand the consumption pattern and other related issues. It is because it makes more economic to produce commodities that has demand and can fetch good price for him. According to NSSO (National survey sample organization), more Indians are eating more meat [5]. According to the report, consumption patterns across the country have undergone a marked shift towards higher consumption of meat at the expense of more traditional source of protein-pulses. The shift is reflective of the overall upward trajectory of the Indian economy with benefits of accelerated growth beginning to spread and thus alter food habits. For example, consumption of chicken in rural households rose from a low of 0.02 kg per month in 1993-94 to 0.05 kg in 2004-2005, an increase of 150% over a decade. In urban households, it jumped sharply from 0.3 kg to 0.85 kg in the same period. Meanwhile, more people dined on “higher end” pulses in 2004-05 than they did in 1993-94 even as per capita consumption of pulses declined from 0.76 kg in 1993-94 to 0.71 kg in 2004-05 in rural areas, while it dropped from 0.86 kgs to 0.82 kg in urban India.

Similarly, due to changing life style pattern, the demanded for packaged / processed and branded food products is growing. The branded foods market represents a significant opportunity for long term growth. Alongside growing per capita incomes, the Indian food consumption habit is expected to progressively evolve from basic foods to value added products. Changing consumer preferences and heightened quality awareness, together with the expected reform of the regulatory framework and tax structures, will provide necessary fillip to the food processing industry.

It is to be noted that several structural changes (production scenario, per capita income, life style, dietary pattern, trade, etc.) are taking place in the country and traditional joint family structure is disintegrating towards individualization and nuclear families. Infact, whole family dynamics is changing and subsistence agriculture is moving towards commercial and market-driven enterprise leading to commercialization of output and inputs. Domestic market is also moving towards processed food products and demand

for new products is increasing even in Indian market (Figure3).

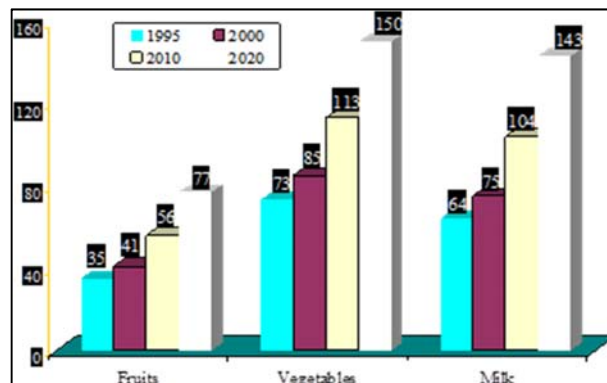


Fig 1: Demand for high value commodities

If we analyze the figure 3, the food basket is diversifying towards more high value commodities. More than 250 million strong middle class of dual income nuclear families with high disposable income - holds the key to future of the food market (Praduman Kumar and Mruthyunjaya 2005) [6]. This huge population is mostly dominated by the comparatively young people (58 per cent are aged 25 years or younger) demand more new products. Large chunk of middle class and higher income class with annual income of more than Rs 40,000 (more than 30 million and constitute about 17% of the total households). High and upper middle income groups are relatively small but fastest growing segments in terms of size. However, the challenge before the country is to harness the untapped potential of the identified agricultural sectors and create adequate forward and backward linkages to ensure citizen empowerment and sustainable economic development. Furthermore, substantial attention needs to be paid to the development of infrastructural facilities to ensure rapid industrial growth in the country. The diverse agro climatic conditions and the fertile land enable the growth of horticulture produce like fruit crops (from temperate to sub-tropical), flowers, vegetables, mushrooms, tea, medicinal & aromatic plants, etc.

It is known fact that majority of people residing in rural areas are directly or indirectly engaged in agriculture. Their socioeconomic condition very much depends upon the income they receive from farming. Evidence clearly shows that during last two decades farming has become unprofitable and large number of farmers are doing farming because of compulsion not because of choice. Most of the farmers are not willing to continue farming and this is major challenge before the country to retain them in farming. Hence, it is necessary that farmers must receive remunerative prices of their produce and cost of inputs is reduced to make agriculture remunerative.

Farming is becoming unprofitable as more than one-third of the farmers are engaged in farming due to compulsion rather than choice. More than 40 percent of farming households feel that given a choice they would take up some other career. Farmers are committing suicides even in

<sup>6</sup> Praduman Kumar and Mruthyunjaya (2005), Indian Agricultural Research Institute, New Delhi and National Agricultural Innovation Project, ICAR, New Delhi respectively. Long Term Changes in Food Basket in India Paper presented in All India Management Association (AIMA) National Seminar held at Taj Mahal Hotel, New Delhi, 12 - 13 August 2005

<sup>5</sup> Indians eating more chicken, less pulses, MINT, 1<sup>ST</sup> May, 2007, report by Pargya Singh

agriculturally prosperous areas<sup>[7]</sup>. Recent farmers deaths in Western and Southern parts of India is an crude example of deteriorating condition of few section of farmers. A large number of farmers are not willing to remain in farming. Retaining them in farming is a major challenge before the country. The major reasons for dislike of farmers to be in farming occupation are lack of profitability (27%), highly risky (8%), and lack of social status (2%). It is interesting to note that more farmers are dissatisfied in poor states like Bihar (51%), Orissa (47%), Jharkhand (47%), Chhattisgarh (46%), and Uttar Pradesh (46%) than in Southern states like Tamil Nadu (31%) and Andhra Pradesh (24%) (Singh2005)<sup>[8]</sup>.

The present production structure in rural areas is mainly traditional and farmers produce the agricultural products without keeping in mind the consumers demand and raw products without grading and standardizing. For example, Vegetable production provides three times more job per hectare than rice, according to Dr. Shanmugasundaram<sup>[9]</sup>, Deputy Director-General-Research (DDG-R) of the Asian Vegetable Research and Development Centre (AVRDC), Taiwan. If one want to reduce the poverty in India and uplift socioeconomic condition of our farmers, it is imperative that their farm produce is properly graded and branded. Today, we need to produce world class packaged agricultural products, as consumers in India as well as across the globe have become quality and brand conscious. The recent decision<sup>[10]</sup> of The United States Department of Agriculture to grant market access for Indian Mangoes, has paved way for commencement of mango exports from India to US.

The first export consignment of Indian mango is being shipped from Mumbai to US on 26th April2007. Thus, as markets are becoming global, the players increasingly require a global strategy. In fact, branding has become an essential element of business strategy in today's modern world and farming is no exception.

### Branding of Agricultural Products

For most of the agricultural products, there is no remarkable perceived difference in the eyes of the consumers. The fact is that a market or industry remains commodity driven if products fail to differentiate in the eyes of the consumer. Thus, we can say, for a consumer, all varieties of sugar or rice or wheat are perceived to be the same and therefore should command almost similar price. However, as commodity markets become more competitive and over-saturated because of oversupply in domestic market and inflow of imported produce, prices are depressed and more competition among the producers and sellers increases. This has led to an increasing demand for branding of agricultural products. The essence of successful branding is when the brand delivers consistently, a clearly defined, appealing offering that sets it apart from its competitors. Branding does not work in isolation, and is not just related to the development of a name, logo, company terms or combination of all three. The additional ingredient that makes a brand successful is differentiation or its personality.

<sup>7</sup> Farmers' suicide: UPA shifts blame. The Time of India, December 26,2006, Report by DhananjayMahapatra

<sup>8</sup> R.P.Singh (2006), Emerging Rural Markets, Lecture delivered at University of Lucknow, October 16, 2006

<sup>9</sup> Vegetable production generates more farm income', The Hindu,July,23,2003,report by G. Venkataramani

<sup>10</sup> Source:

[http://www.indianembassy.org/newsite/press\\_release/2007/Apr/12.asp](http://www.indianembassy.org/newsite/press_release/2007/Apr/12.asp)

Successful brands tend to have strong "personalities" that appeal either to the rational or the emotional instincts of stakeholders. Successful brands appeal on an intangible level and offer a range of defined repeatable emotions to the consumer. Commodities by definition are not brands and offer no such emotional security or intangible benefits.

Branding needs to extend beyond the basic product. Successful differentiation should be based upon genuine differences. If the product *per se* is essentially similar to other products, or the buyers cannot be convinced of its superiority over other products, then the company seeking to brand needs to adopt a broader perspective and look at the entire experience it offers potential buyers. However, farmers, corporate sector and all related agencies with marketing of farm produce have recognized the fact that the future economic prosperity demands a paradigm shift from offering commodity in simple form to differentiated goods and services to the consumers. One of the fundamental methods of differentiation involves branding of the produce. Though, today host of agricultural products are being branded in India, there exists a tremendous potential to exploit the situation for the benefit and upliftment of our farmers. Commodities deal solely in the product. Today's agricultural producers face the increased challenge of how to differentiate their offerings, so that their product is perceived and awarded premium status and price in their consumers' minds. The key therefore, is to implement a concentrated strategy that focuses on creating real value for those customers who are prepared to pay for it and a brand strategy based on product differentiation. With the opening up of world markets and the possible reduction of subsidies in the western world India could well emerge as the food factory of the world. We have therefore to look at the world markets and examine what they demand by offering them branded agricultural products.

### Issues Related to Branding

Tighter margins for most commodities means that the premiums obtained from high-end differentiated products can result in substantial increases to overall profitability for any company, individual or nation that is engaged in trade of agricultural commodities. However, before we go for branding of agricultural produce, there are some major issues that need to be discussed. These are:

- (1) What is the Opportunity and can we define it properly in terms of Size, Trend, and Geography;
- (2) What do we bring to the party? e.g. Technology, Scale, and Commercial Expertise;
- (3) What is the Sustainable value proposition in consumer terms?
- (4) What is our business model for generating demand, ensuring supply, and managing customer relationships;
- (5) When do we balance growth with profitability?; and
- (6) Do we have the people to build a foods business?

It must be noted that strong brand provides standardized products and distinctive identity to the products of farmers. Strong branded products can be easily sold faster in the market. It also provides higher level of profits. Superior brands live longer than the men, material and machine. Strong Brands ease the way for more products to be speedily adopted from the same house. In fact, building brands is all about making products widely acceptable to the consumers. As George Bernard Shaw has said that you see things and

you say, “Why?” But I dream things that never were and say, “Why not?”

There are several factors that make some goods / products / services sell more than others. Some of these are: Multiple uses, functionality, decorative, cost, design, quality, availability, ethnic, uniqueness, standardization, consumer satisfaction, consumer confidence, appealing, trend, and functionality, etc. Every enterprise wants to stay ahead of competition in the market and strive to retain distinctiveness and quality in their products and services so that a discerning customer is repeatedly drawn to them in preference to the competitors. The small and medium sized businesses get most hard hit, as they do not necessarily have adequate resources and infrastructure to deal with such exigencies (Prabuddha Ganguli, 2003) <sup>[11]</sup>.

Customers benchmark product/services by a variety impacting identifiers such as their names, function, quality, origin, looks, availability, price range etc. Advertising can take advantage of these aspects in the “*brand building*” exercise building on trust & relationships, promising value to the consumers that resonates what the product stands for thereby creating a symbolic image of the product and service in the heart & mind of the consumer to create the required crave and confidence for repeated consumer motivation, recall and demand. A brand generally conveys to the consumer certain perceptions, attitudes and behaviors with which the consumers consciously and/or subconsciously feels comfortable to associate (Singh JD 2005) <sup>[12]</sup>.

There are several products which are grown and are available at different places and have certain specific characteristics which make them different from same products grown are available at other places. They maintain special brand name based on location specific characteristics. Besides, significant effort and investments are made by businesses all around the world to establish a distinctive platform to enable consumers to identify the origin of a product / service (Prabuddha Ganguli, 2003) <sup>[13]</sup>.

Commonly, brand equity is built on the foundation of protected Trademark (s). Several related products with or without individual trademarks may get clubbed together under a common brand. For example the brand LUX of Unilever has a range of personal care products such as soaps bars, body wash, face wash, etc. all to serve a generic set of consumer needs. TATA in India is a well-known corporate house with a group of companies with a range of products varying from cars, trucks, busses, financial services, steel, etc. Though the corporate brand TATA (also a trademark) is the umbrella brand, the products have also been trademarked to retain her distinctiveness. Branding is not simply an after-thought, an add-on. The brand lies at the very heart of the organization and determines corporate actions. Therefore, we need to understand and communicate, internally and

externally, the essence of its brand. The most successful brands are those that focus not solely on the tangible value but also the intangible value perceived by the customer.

The rewards for embracing and developing a strong, successful brand are high—and not just for the brand owner but for all stakeholders. The price of failure is commoditization and price wars that ironically fail to serve the interests of either buyer or seller. International fast food brands are having big plans of entering India which can be a big opportunity for Indian farmers. Fast-food retail chains such as KFC, McDonald's, Domino's, Pizza Hut and others are re-learning marketing lessons and segmenting their product portfolio to capture Indian consumers across diverse income levels and lifestyles. The strategy is an attempt by some top retailers to tone up profit margins with a multi-layered product portfolio that addresses the aspiration & needs of consumers willing to splurge while meeting the basic requirement at the bottom-end.

With cut-throat competition to set up standalone outlets at busy marketplaces getting tougher, fast-food chains have come up with a new recipe for success - takeover and manage canteens across schools, colleges and corporate offices. With global supermarket majors such as Wal-Mart, Tesco and Carrefour are planning to enter India and will be increasingly sourcing of processed foods from our country, it makes more sense for local companies and entrepreneurs to enter/expand in this arena.

However, there are many instances when the plans of many MNC companies come unstuck. The answer usually given is: “India is different”. Not many realize that the same can be said of Venezuela or Leichtenstein. Serious inquiry begins only when we ask how Indian consumers are different. There is one basic difference between the Indian and say, the American market: the urban-rural divide. The rural Indian consumer is economically, socially and psycho graphically very different from his urban counterpart (Moorthi 2002) <sup>[14]</sup>. One has to guard against trademarks becoming generic and leading to dilution of exclusivity through common usage by the public or people in trade. For example DuPont's “nylon” and “rayon”; ICI's “cellophane”; Bayer's “Aspirin”, Cynamid's “Formica” etc. have lost their distinctiveness due to indiscriminate use by all in the trade. Many original companies that own the trademark often lose out because of these generalizations. Also, IPR violations must be guarded. Recently, India was placed under “priority watch list” by Bush administration for failing to sufficiently protect American producers from wide spread piracy <sup>[15]</sup>.

### Brand Management

The creation of a brand is not an end in itself. Issues such as popular brands attracting counterfeiting, parallel importation, digital trademarks / domain name conflicts, dilution or misleading use, etc. constantly haunt brand creators and managers. Similarly, associated risks in the management of brands are under nourishing, excessive milking, excessive line extensions, excessive repositioning, and excessive promotions. Hence, brand management is a dynamic exercise and therefore requires the enterprise to be adaptable to change as the market place experiences impact of technological development leading to newer innovations,

<sup>11</sup> “Brand management: Role of Trademarks, Collective/ Certification Marks, Geographical Indications and Industrial Designs as Marketing Tools for SMEs: Practical Experience and Case Studies” presentation made at the WIPO/QCCI Sub-Regional Seminar on SME for the Member States of the Gulf Cooperation Council (GCC), October 14-15, 2003.

<sup>12</sup> J.D. Singh (2005). Building Brands, *Strategies to move up the value chain from Commodities to Branded agri-products*, Paper presented in All India Management Association (AIMA) National Seminar held at Taj Mahal Hotel, New Delhi, 12 - 13 August 2005

<sup>13</sup> “Brand management: Role of Trademarks, Collective/ Certification Marks, Geographical Indications and Industrial Designs as Marketing Tools for SMEs: Practical Experience and Case Studies” presentation made at the WIPO/QCCI Sub-Regional Seminar on SME for the Member States of the Gulf Cooperation Council (GCC), October 14-15, 2003.

<sup>14</sup> We're like this only, Dr Y S R Moorthi, Associate Professor - marketing, IIM – Bangalore April 10, 2002.

<sup>15</sup> US puts India, China on watch for IPR violations, MINT, 2<sup>nd</sup> May, 2007 report by Martin Crutsinger

changes in consumer tastes and product concepts, shifts in the economy, industry and brands.

In India, agriculture is becoming a business and requires good branding of agricultural products to be acceptable by the consumers across the globe and can enhance the income of the farmers. Several Small and Medium Enterprises (SMEs) and cooperatives have recently been able to create brands of their products and services. However, Certification of products is very necessary as it can satisfy prescribed standards concerning origin, material, mode of manufacture, quality, accuracy and other characteristics. For example in India, "Agmark" is a certification mark used for food items including spices, milk products etc. For example "*LIJJAT Papad*" conveys a brand for a cooperative of empowered women manufacturing affordable and preservable foodstuff for daily use. There are many agricultural products, which are regional and very much depends upon faith, omnipresence, goodness, purity, icons, and miracles. Sometimes, brand erosion takes place mainly because of Arrogance when we can forget the customers, frequently re-launches and up-grade the brands; Greed of price-value equation; Complacency to ignore the competition; Inconsistency and Myopia. Brand must stand reflected in the entire business proposition – employees, government, vendors, stake holders and should not ignore to anticipate / recognize emerging market changes <sup>[16]</sup>. Besides, there are several other factors that kill the Brand. Some of these are (1) Pressure to Compete on Price, (2) Short-term/Quarter-end half-baked targets, (3) Product Quality in Conflict with Sales Targets, (4) Complacency, (5) Failure to Constantly Upgrade Brand Image, (6) Unable to Sustain Competitive Edge

### Strategies for Branding

Branding is important for the marketing of commodities, fruits, vegetables and medicinal plants from India. The concept of agricultural produce branding comes from the dual retail notions that people attach certain qualities to branded products, and that consumers will pay a premium for high quality. When it comes to food, quality includes obvious traits like taste and healthfulness. But in today's world, it also extends to issues of safety, given concerns over food-borne illness, high level of pesticides /chemical fertilizers in farming, mad cow disease, bird flu etc. Branding increases consumer confidence and helps people as they take comfort in knowing where their food has come from. For agricultural products, at the macro level, branding can be done at two levels, first is at the Country level where a nation is promoted as a "brand" and the second can be at the state level, where a state or region is promoted as a brand particularly in the Indian context. At the micro level, branding can be at firm/consortium/NGO level. In this category, branding is done in such a way, that the entire category is promoted by a consortium of producers to jointly reap the benefits of branding. Such products are generally produced by a vast number of producers and their product is jointly marketed by a central processing authority (e.g. milk, eggs etc.). Also, it can be done at the corporate/company/NGO or individual level where an organization aims to gain market share by branding and

differentiating factor (eg. ITC's Atta, Annapuran salt by HLL, Shagun Chini etc.

In the above mentioned context, it is clear that India needs to develop various strategies to move up the value chain from commodities to branded agri-products. Let us examine all the above in further details.

### A) Branding at our country level

Today, with globalization, world has become flat. There are no national boundaries. As such, nations have to compete for resources and markets. At the level of the nation – India, as an international brand must continue to be nurtured and actively developed. Globally speaking, because competition and resource mobility are fast rising as well as because there is still ignorance about India as far as our agricultural strength is concerned, we have to galvanize both external and internal marketing of brand "India" so that we can consistently punch above our weight. We need to improve the image of India in the world's eyes and make it a world's destination for agricultural produce. Just like we are known for our software services, we need to make efforts to become world's destination for sourcing of agricultural produce. It is imperative that India as a nation must compete like a successful corporation by promoting itself as a "brand", by producing and exporting quality agricultural produce. A branding strategy will help our nation to differentiate its produce from the other countries. A branding exercise helps a nation to establish a favorable image with relation to its agricultural produce that it has established in the global consumer's mind over a period of time. Because of specialty of resources or extra-ordinary skills lying in a country create certain favorable characteristics that are often associated with a product category and a country. The commodity is often promoted on the basis of strong country of origin link. For example Indian basmati rice, Malaysian palm oil, Brazilian coffee etc. In such cases, nation itself becomes a brand ambassador for an agricultural commodity.

However, branding of "India" alone cannot bring the desired results of improving the farmer's income. It requires lot of efforts and initiatives from the Indian government to improve our infrastructure and improve supply chain management. Some innovative initiatives measures like giving tax holiday for developing cold chain infrastructure can give a big boost in supply chain management. Some initiatives like exemption of Income tax for 5 years and exemption of 25% of profits for the next 5 years are also steps in the right direction. All these measures for setting up of new agro processing industries to process, preserve and package fruits and vegetables, etc. are positive developments for the Indian farmers. There has been relief in the customs and excise duties as well. For quite some time, agriculture has concentrated on a supply side strategy. Now, time has come to change this to demand driven strategy, so that our produce find markets and thus remunerative prices are available to farmers.

We need to implement new farming techniques which can increase the productivity of our farms and improve the plight of Indian farmers. As a country, we should move towards organic farming which would fetch higher returns for our agricultural products in the global market. If we are able to bring India on the global map as a target hub for agricultural produce, it will be the biggest achievement, considering the benefits it will give to the millions of our Indian farmers.

<sup>16</sup> Niall Fitzgerald 2001. Brand Equity, Brand Image Erosion, Economics Times, 17 October 2001.

At every level, competition is increasing, and branding along with innovative packaging are increasingly the tools with which contests for consumers are won and lost. We must face this reality and thereby ensure that India and our agricultural commodity are sold as brands and become globally acceptable.

### **B) At our state level**

In this case, branding helps in identification of the produce with the state and helps in lower marketing costs and a better distribution mechanism. This can be seen against a scenario where lot of efforts are required to market several smaller brands from the same region to different areas. For example, let us take example of apples from Himachal Pradesh. It is the dominant fruit crop and accounts for about 45 percent of the total area under fruit crops and 88 percent of the total fruit production in the state. Thus, the state has inherent advantage in terms of favorable agro climatic conditions and existing brand name in the context of its "apple". It is easy for a state like H P to selling apples emphasizing the fact that apples are of Himachal Pradesh origin. Same can be said for "Assam tea" or "Karnataka coffee". Thus, state origin gives a unique advantage for an agricultural product compared to other regions in a same country. Branding also helps in giving a sense of "identity" to the growers or producers of that region. This in turn leads to better farming and quality techniques before the marketing of the produce itself. For example, "Amul" is a classic example, where the owners take pride in their involvement in the milk revolution.

Role of states in branding is a proven one. For example, in USA, one of its state South Dakota has a branding certificate called South Dakota Certified™—that promotes the quality of South Dakota's agricultural output in the hope of convincing consumers to pay a premium on its products. This effort is part of the state's 2010 Initiative, a long-term plan for tourism and economic development<sup>[17]</sup>. The basic design of the program is to help cattle ranchers become more stable and profitable by virtue of selling a branded product perceived by consumers as high-quality, which allows for premium prices. Under the South Dakota Certified beef program, a calf's pedigree is traceable from birth to table because it has been fitted with an electronic identification tag, complete with a 13- to 15-digit number that allows the state to record every step of the animal's life, from its place of birth to the slaughterhouse. As a cow moves through growth and processing stages, premises numbers are added, recording each time the animal changes hands, such as when it's sold to a feed lot and finally a processor. Ultimately, it ends up in a store's meat display case waving its South Dakota Certified stamp of quality.

In India, state government plays a very important role in agriculture, as this subject is in the state's domain. Thus, States would also have to look at ways and means to reduce costs, come forward to amend their respective APMC Acts and take further facilitation measures in their domain. Some states have realised the potential of the agro business sector. For example, State of West Bengal has taken major steps in boosting agro business sector. Of the 51 food parks sanctioned across the country by Food processing ministry, West Bengal alone accounts for almost 8 of them.

Similarly, we need to create agriculture hubs for our products on which we can derive competitive advantage. Role of state government becomes all the more important as they can identify few agricultural products which can give higher yield because of a state's unique location or climatic advantage. This should be exploited to the fullest for the benefit of the farmers. This model has certainly to be extended beyond few explored commodities like Basmati rice and Darjeeling tea and we need to increase our product portfolio for agricultural produce from all the states of India. They have to be made successful brands. Thus, we need to create world class varieties and make them a brand in themselves. Thus, just like America did with Vidalia onions, we can have such success stories for Nagpur Oranges, Banana of Bhusawal, Litchi of Dehradun, Grapes of Nasik, Mangoes from Lucknow, Sugar from UP /Maharashtra, Cotton from Gujrat and Maharashtra, etc. In fact, if we see the agricultural basket of Indian farm produce, the opportunities are endless.

However, as discussed earlier, major bottleneck in increasing the income of farmers is the inefficient supply chain management. Lack of infrastructure, particularly in rural areas is a major issue. Farmers still have to face huge problems with regard to BSP (Bijli, Sadak & Paani). India offers tremendous opportunities for the development of agriculture which is the ultimate solution for increasing the farmer's income. Development of infrastructure is a major challenge before our country. However, the silver lining is that many segments within the infrastructure sector are opening up for participation and private investments. From a state's perspective availability of good quality and state of the art physical and social infrastructure is one of the key determinants of its agricultural productivity & economic development. Despite significant achievements and efforts made in this area by some governments at state level, there is a wide gap that still exists between the potential demand for infrastructure for high growth in agriculture field and the available supply. Furthermore, to provide a boost to farm productivity at the state level, it would need to ensure an effective telecommunication network, state of the art information technology infrastructure, uninterrupted supply of power and up gradation and modernization of existing rural area infrastructure.

### **C) Branding at Individual/firm/ Corporate level**

Branding at the firm/corporate level, is probably the easiest and most extensively of the branding methods available for the agricultural products. There are numerous examples from the marketing world for successful agricultural commodities. Some of the brands in India that are selling agricultural commodities/vegetables products are Safal peas, Mother dairy milk, Annapurna Namak, Shagun Sugar, Annapurna Atta, Aashirwaad atta, Safal peas, Parag Milk, Nestle fruit % dahi (Curd/Yoghurt), Nestle Milk, etc. Thus, with there is lot of scope to sell branded vegetables, fruits, commodities like rice, pulses, etc. The recent decision<sup>[18]</sup> of Spices Board of India, to promote spice cultivation by floating a company that will market branded spices under the favourite brand in an effort in right direction to ensure cooperatives and farmers that grow these spices get a good price for their produce.

<sup>17</sup> South Dakota "Steaks" it's Reputation on Beef Branding Program  
Source:<http://www.southdakotacertifiedbeef.com/>

<sup>18</sup> Spices Board planning company to market branded condiments—  
MINT,03/05/2007, report by Ajayan

Also, there is a good international demand for certain fresh fruits as well as processed fruits products. Like mango, grapes, banana, litchi and exotic fruits like sapota, ber, pomegranate, Custard apple have good export potential. Similarly, vegetables like onion, potato and green traditional vegetables like: okra, bitter gourd, green chillies can have a good acceptance in the global markets. Processed mushrooms & gherkins, and other like: asparagus, celery, bell pepper, sweet corn, green and lima beans and organically grown vegetables are also increasingly being exported. At the corporate level, the Company tries to transfer the brand associated with them to increase the credibility of the brand. For example, Tata Salt uses the name of Tata to generate credibility and trust associated with the brand and this is transferred to the product in a category where these qualities create a point of difference from other generic brands.

Due to changing food habits worldwide including India, there is a large potential of food processing industry which is a sunrise sector and could be a growth vehicle for uplifting the social and financial status of the farmers. This is corroborated by an extensive study carried out by the leading international consultants, Rabo Bank. In their Vision (2015) document prepared by them, they envisage trebling the size of the processed food sector so as to enhance farmer income, generate employment opportunities, provide choice to consumer at affordable prices, and contribute to overall national growth by increasing the level of processing of perishables from 6% to 20%, value addition from 20% to 35% and share in global food trade from about 1.6% to 3%. The potential and growth is very evident from the efforts of companies like ITC, HLL, Pepsi, Godrej, Amul etc. Branding can be an important tool by which the corporate / cooperatives / NGO / individuals can extend helping hand to the cause of farmers. Certain companies like ITC have gone many steps further besides branding and have engaged themselves in imparting a revolutionary dimension to its rural partnership by leveraging information technology to elevate the Indian farmer to a new order of empowerment. The 'e-choupal' initiative by it is a powerful illustration of the potential of information technology to transform rural economics, notwithstanding the structure and size of land holdings in India.

### **Strategies for enhancing the farmer's income**

Since we are a country where a majority of our population lives in villages and is dependent on agriculture, we must fully utilize and promote this inherent strength towards enhancing the global reach and standing of Indian agricultural produce along with other strategic moves for enhancing the income of our farmers. We should focus on developing branding as a national priority in the agricultural sector. It should cover all the possible areas like agricultural commodities, dairy, fruits & vegetables, aromatic plants, herbs /spices, food/fruit processing etc.

According to a recent World Bank study, which is based on primary value chain surveys of 10 horticultural items, 1,400 farmers, 200 commission agents and 65 exporters across 17 Indian states, the report highlighted the fact that despite producing <sup>[19]</sup> 11% of the world's vegetables and 15% of world's fruits at very competitive costs of about 53% and 63% of average global prices, India's share in global fruits

and vegetables trade has remained at only 1.7% and 0.5%, respectively. There are number of reasons attributed for this anomaly. Certain factors inhibiting growth of this industry are clearly identifiable. These are long and fragmented supply chain retail structure, inadequate infrastructure, including cold chain storage & transportation, special handling facilities at airports, inadequate post-harvest management, limited access to appropriate technology for processing & packaging, low investment in Research & Development by industry and high cost of production. By the time a product like apples or potatoes ends up with the foreign consumer, its price will have gone up nine with 10 times, thanks to the many stages of intermediation and inefficient handling and high transport costs involved. However, the pity is that the farmer is not getting any benefit of these high prices.

For example, let us take the example of grapes. Although the retail price in the US is Rs 120.30, the farmer gets only Rs 13.50, while the intermediaries claim Rs 5.40, the exporter Rs 24.20, and international freight and insurance claim about Rs 53.50. The importer contributes the remaining Rs 23.50 to the total cost. Compared to 30-40% in the US or Thailand, the Indian farmer gets to keep only 15-20% of the final price. It is a similar and harrowing story for our farmers, if we talk of our country. It will be an irony but it's true that it is cheaper for Tamil Nadu to import apples from Australia than Himachal Pradesh. The cost variation between states can run up to 70%. With as many as six to eight intermediaries coming in the marketing chain, the average wastage between just the farm gate and the wholesale level is around 12%, adding another 7-10% by the retail stage.

As we see, due to the inefficient supply chain management and infrastructure bottlenecks, there has been slow growth of farmers' incomes and is still a major problem and challenge. Market information shows that the lackluster sales and low prices of farm produce are showing no signs of improvement. Farmers' incomes in many grain production regions are declining. As a result, the income gap between urban and rural residents continues to widen. Thus, agricultural restructuring and increasing farmers' incomes is very important agenda for our country. If farmers' incomes do not increase in future, farmers will lose interest in production. Slow improvement in the purchasing power of farmers will not only dampen the demand for all consumers and industrial products as most of our Consumer goods companies like HLL, Dabur, ITC, Godrej etc. are dependent on rural demand. Thus, it is a very arduous task to resolve the problems of farmers' incomes.

For increasing the income of farmers, it is imperative to increase spending on the agriculture sector and to improve the environment for the development of the rural economy.

The most effective approach to reach the goal is to increase the overall efficiency of agriculture by restructuring the sector and rural economy, which is bound to create many new growth opportunities for our farmers. Therefore, strong measures should be taken to improve grain quality and processing of agricultural products, to speed up the development of industrial and service sectors in the rural areas, and to promote the restructuring of rural enterprises. It is a big challenge but not an impossible task. However, we need to remove some of our weakness and need to take some corrective measures.

<sup>19</sup> Infrastructure, not trade barriers, hurting horticulture exports, MINT, Wed, Apr 18 2007 news report by Paromita Shastri



The first weakness surprisingly is that we can't compete globally as we have a large number of small farmers. Unless we consolidate within the country, it will be difficult for us to increase the yield. We need big scale to be globally price competitive. Big Scale of production gives lot of volume advantages in getting a right price for the produce.

The second weakness is that we have never invested in providing the right market information to our farmers. Farmers have been producing what they can produce, rather than producing, what the market demands. Hitherto, the seed quality has been poor leading to low yields. Now, we know that quality matters, earlier we thought only price mattered. To sell in the world market, we have to produce best quality agricultural commodities at attractive prices.

The third weakness has to do with branding. We are just beginning to brand things, and it is a fact that brand does matter. Amul has shown us how a commodity like milk can be branded and sold in India. We need to focus and grow more and more "organic" products. Also, we need to produce as per the current trends and global demand. For example although USA has allowed of India mangoes on its soil, but we should not forget that it had earlier banned mango imports from India for almost 18 years on the concerns that Indian farmers used too many pesticides. Even now, we should not feel complacent as Indian farmers will have to irradiate the fruit to kill any pests, making the mangoes fit for consumption in the eyes of U.S. agriculture officials.

One of the major gaps in today's Indian fresh produce value chain are the lack of convenient access by farmers to technical and market information and the absence of effective supply chain management systems. Infrastructure continues to be a major bottleneck for our farm produce. For example <sup>[20]</sup>, international transport costs are 20-30% higher for India than in other countries. For instance, it costs \$790 to transport one tonne of grapes from India to the Netherlands, which is two and a half times higher than what the Chileans are paying, although it is twice as far from the Netherlands as India. This is primarily why, for every 1,000km farther that we export, we export 10% less. Any destination which is beyond 15,000km from India is unlikely to be ever served,

The rectification of the constraints provides for an opportunity for massive investment for up gradation of infrastructure and processing capacity as well as of post-harvest handling facilities and induction of latest technology. Despite the constraints, all out efforts should be made to make processed food affordable domestically and competitive globally. To make the food chain competitive we need to reduce costs by having a re-look at taxes and levies. We need to also reduce costs by addressing the inefficiencies in the supply chain as well as costs which accrue due to inadequacies of infrastructure. Meanwhile, banks and lending institutions have to play more proactive role in providing loans and advances for rural sector. Micro credit institutions can also play a vital role in transforming the rural sector and uplifting the social cause of the farmers.

Finally, to sum up, strategies for improving farmer's income and prosperity can be summed up as under:

1. First of all, we have to realize the importance of branding for the agricultural products. A move from selling agricultural commodity to selling "agricultural branded product" will go a long way in helping our

farmers to improve their incomes. A combined initiative at the national level by the Central government, State level by the state government and at firm level by the corporates and NGO's is required. Branding will help in higher value realization, besides stimulating demand from the end user. Create farmer / influencer relationship based on emotional loyalty and intellectual commitment. It is useful to think beyond customer expectations and make decisions that how much is too much. Make efforts to build a brand and enhance the brand image through integrated marketing communications using Mass Media, Krishi Darshan, Haats, Melas, Bazars, Farmer Service Centers / Clubs, etc. It is also to be noted that industries/policymakers promoting brand for agricultural produce must look everything from the farmers (Yield/goals) viewpoint and also do customer mind mapping. Customers may look alike but soil conditions are different. Thus, different strategies are required for different level (income/crop differentiation) of farmers and for different set of consumers.

2. Indeed, in terms of branding, we must realize that all the efforts of our Central government, State governments, Self-help groups / cooperatives, NGO's, Corporate dealing in agriculture sectors as a whole –contribute towards the building of a global image for the country. We must ensure that consistent messages reach target groups from word-of-mouth recommendations to official branding events in India and abroad, exhibitions and trade shows in India and abroad. Indian embassies across the globe can make an important role in promoting our agricultural produce. It is worth mentioning that Indian embassy played an important role in ensuring that Indian mangoes get permission to enter USA market. Thus, we must take every opportunity to build agricultural global brands, which will in turn complement efforts to build a strong and respected international image for our country.
3. The branding no doubt will stimulate more demand for commodities, agricultural produce, fruits / vegetables etc. This increased demand from the end user / consumers will lead to growing demand for higher quality agricultural commodities, thereby opening up remunerative opportunities for the farmers. Indian farmers need to be supported and empowered to capture optimum value for their produce by linking them more effectively with consumers in the domestic and international markets. At the micro level, It is always better to have Conduct a Brand Environment Audit by surveying what sells and what doesn't and Why? It is necessary to examine the issues related to brand as well as unbranded local produce that sell and examine how the agricultural products are purchased by the consumers /end users. Focus on customer expectations and then determine your brand destination. It is not advisable to create a Brand name haphazardly but keep in mind that it should have a rationale not legitimacy. A Brand is like a child, it needs varying types of care to be a mature man.
4. The country must move towards producing agricultural produce that can fetch higher returns. For example, India is the second largest producer of organic cotton in the world with a production of 10,365 tonnes a year (just behind Turkey's production of 11,108 tonnes), but

<sup>20</sup> Infrastructure, not trade barriers, hurting horticulture exports, MINT, Wed, Apr 18 2007 news report by paromita shastri

- there's scope for more growth. On price realisation, a tonne of organic cotton in India costs around Rs 95, which is Rs 20 more than a tonne of normal cotton <sup>[21]</sup>. Substantial increase in yields is vital for the upliftment of Indian farmers. Just for the sake of comparison if we take example of our neighboring country China, the average yield per hectare of rice in China is about twice that in India, while in the case of wheat it is one and a half times higher. Thus, increase in productivity would enable higher farm income and concurrently reduce cost of calorific intake for the poor.
5. Another strategy can be of diversification of land use to optimize farmer income by better aligning produce with needs of the market, both domestic and international. We must look for opportunities in high growth areas like processing of fresh fruits & vegetables and move towards promoting standardization and grading facilities for these agricultural products, which can have a better marketing efforts and a higher price realization.. We must produce domestic surplus in the agriculture sector which is exportable and acceptable in the world market.
  6. Also, we need to put investment in post-harvest infrastructure in our country. With the entry of big retail giants like Reliance, Food world, Bharti-Wal Mart tie up, the future growth will be led by these symbols of modern retail trade. Obviously, this is going to drive the growth in agriculture sector and will ultimately boost the income of our farmers. Also, with the advent of modern trade, it is estimated that organized retailing would reduce costs and provide gains to consumers as well as to farmers
  7. Initiatives like individual crop insurance for farmers, instead of the current block-based insurance and increase in Minimum support price can help improving farmer's income and help him to overcome vagaries of nature. Also, some steps can be taken to help farmers access to state agricultural universities for information & training. Beside, our farmers need better seeds, better farming practices and better cropping systems to achieve optimum efficiency. The scientific community should come forward for the help and guidance of farmers for the fast forward movement and development of the sector.
  8. Use of Information Technology can be used to alleviate the farmers from the poverty and enhance their income. Something similar to the model of ITC. For example, ITC model leverages information technology to deliver real-time information and customized knowledge to improve farmers' decision making ability, and thereby better align farm output to market demands and secure better quality, productivity and improved price discovery. This model is helpful to aggregate demand in the nature of a virtual producers' cooperative and thereby access higher quality farm inputs and knowledge at lower cost. Further, the information technology is used to set up a direct marketing channel virtually linked to the mandi system for the purpose of price discovery, thus eliminating wasteful intermediation and multiple handling, thereby reducing transaction costs and making logistics efficient. This digital infrastructure can also be used for coordinating services related to credit, insurance, health, education and entertainment, in addition to serving as a strong foundation for creating a vibrant futures market to facilitate farmer risk management
  9. Easy credit at low rates is essential for the farmers. The recent decision of Reserve Bank of India to exempt <sup>[22]</sup> farmers from submitting "no due" certificate (NDC) for obtaining loans up to Rs 50,000 from banks is a step in right direction.
  10. Use of Engineering Technology is of utmost important in the area of farming and food processing. Government should give suitable concessions, if some technology is being imported into the country which has the potential to improve quality and economies of scale. The yield per hectare also increases significantly due to improved technologies and better management strategies, if implemented in the right way. Effective linkages with the food processing industry to develop and market value added products in the domestic and international markets.
  11. Developing modern food parks that have facilities for sorting and grading of agriculture produce for export is required for having an competitive edge for our farm produce. Also, there should be cull on futures trading in farm commodities. The prices of commodities should not be open for speculation and hoardings in the commodity exchanges. Our country is still not prepared for such adventurism.
  12. Higher price realization should also be a key factor while considering the farming options. One such opportunity is in cultivating medicinal and aromatic plants which has lot of growth potential all over the globe. Out of the several species of medicinal and aromatic plants, efforts should be made in order to identify the most important medicinal plants which would have assured off takes and can be grown on a large scale. These can then be promoted by securing appropriate linkages between the research institutions, farmer cooperatives and private enterprises engaged in the use of such products.
  13. Although many cooperatives are already active in agricultural sector, Involving MNC's, Big Corporate houses, promoting rural retail and contract large scales, can also bring desired result of boosting rural economy which will ultimately benefit the farmers residing in rural areas. Role played by Pepsi in increasing rural prosperity in Punjab or role played by Nestle in enhancing milk productivity in Moga (Haryana) is clear indicator of the roles of MNC; is in upliftment of rural poor and farmers in India. Same can be said about ITC which has launched rural malls in Senhor (Madhya Pradesh). This ensures that the farmers find a ready outlet for their produce while improving the productivity and quality of the farm output with the help of the MNC'S.
  14. We should make all out efforts to persuade the farmers directly involved in the farming that they benefit, directly or indirectly, from increased marketing and branding efforts, be they at the national or at the individual enterprise level. The additional cost and extra effort in pursuing branding strategies is more than made

<sup>21</sup> Sports apparel makers set trend, many cotton farmers follow suit, MINT,02/05/2007, report by Jacob P. Koshy

<sup>22</sup> Sports apparel makers set trend, many cotton farmers follow suit, MINT,02/05/2007, report by Jacob P. Koshy

up by the additional returns derived from implementing these strategies. Something like “Fair Trade certification”, which is popular in USA, can be practiced here in India. The concept of Fair Trade certification – which aims to establish direct trade for farmers in developing countries and to ensure that they receive fair prices for their agricultural products and to develop the business capacity necessary to compete in the global marketplace. The “Fair Trade certification” was introduced in the U.S. market in 1998. Specialty coffee was the first product category offered. Since then numerous Fair Trade Certified product categories have been introduced to the U.S. market, including cocoa, chocolate, tea, bananas, mangoes, pineapples, grapes, sugar and rice.

15. Further, help of international organizations /agencies can be taken, who can bring their global experience for our benefit. For example <sup>[23]</sup>, US Agency for International Development (USAID) is working in India to bring farmers and retailers together on a common platform using information and communication technology that will help farmers improve their productivity and supply produce as per the retailers’ demands, under USAID’s growth-oriented micro-enterprise development programme (GMED). Its model consists of a complete supply-chain management system that will electronically link all elements, starting with retailers through transporters, farmers, input suppliers and other supply-chain participants. The system will enable farmers to produce to meet specific retailer demand, input suppliers to provide production and other inputs as needed, and post-harvest and other service providers to accurately schedule their services. The system will also include provisions for accurate farmer record keeping, enabling effective traceability and crop planning and scheduling. GMED is also assisting the Nandani Cooperative of vegetable, grape and sugar-cane farmers in Maharashtra to upgrade production and marketing capabilities of its 5,400 members. “This will enable the cooperative to play the part of an effective intermediary serving the fresh produce needs of the organized retail industry and will create a successful model for others to replicate

## Conclusion

Branding of commodities will offer additional value both to the consumers and the producers. Branding will lead to commodity differentiation and hence enable consumer preference. Competitiveness of Indian agriculture induced through above mentioned strategies can trigger a virtuous cycle of higher productivity, higher incomes, enlarged capacity for farmer risk management, leading to higher order investments, feeding even higher levels of quality and productivity. By learning how to market their own harvests at a better price because of branding strategies, our farmers will be able to bootstrap their businesses and receive a fair price for their products. This will lead to higher family living standards, thriving communities and more sustainable farming practices. Although, we will need to make all our efforts in branding and marketing as increase in productivity and production can also lead to drop in prices if there is no ready demand. However, in managed properly, growth in

rural incomes would definitely unleash the latent demand for consumer and industrial goods, which is necessary for continued growth of the Indian economy. Over time this will create another virtuous cycle, snowballing the economy into a higher growth trajectory. India needs creative solutions to start a revolution which can take its farmers fast forward in time - creating them economically viable and growth drivers of our economy. A mechanism has to be developed for harnessing the power of our farmers and opening up new horizons for them with the promise of a better tomorrow. We have to lay more importance for poverty alleviation as a major measure in boosting farmers’ incomes and continue poverty-reduction efforts for our farmers. These efforts coupled with increased agricultural productivity and higher demand for agricultural products at global and national level. Branding as a tool can be an engine for economic growth and rural prosperity in India. With the cooperation, support and understanding of all involved with the cause of upliftment of our rural sector, we will see India and Indian agricultural produce as brands that characterize high quality and value-for-money. Since branding will lead agricultural produce, vegetables/fruits to be sourced directly from the farmers and their cooperatives, it will not only ensure that the growers get a good price for their produce but also help empower them and ensure a regular market for them. Ultimately, to the producers and farmers, branding will provide an opportunity to increase margins by increasing the value perception of their product in the eyes of the ultimate consumer.

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