

## DIRECT MARKETING OPPORTUNITIES THROUGH AGRICULTURE MARKET REFORMS

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### ABSTRACT

The nature of the agricultural products is perishable in nature which is a big challenge for agricultural marketing. The rural primary markets and wholesale markets have lot of defects. To overcome the defects faced in agricultural marketing, direct marketing has a scope with several initiatives. Direct marketing eliminates middleman which benefits the farmers more. The available reforms in agricultural marketing are farm gate, factory premises, warehouses, silos and cold storages. With these reforms available there are lot of opportunities in direct marketing. This paper reveals the various opportunities available in direct marketing through agricultural market reforms.

**Keywords:** Agricultural marketing, Direct marketing, Market Reforms, Opportunities

### INTRODUCTION

Direct marketing includes any marketing that relies on direct communication to individual consumers. This is called direct marketing because it generally eliminates the middlemen. It is a type of marketing campaign whose goal is to initiate a personal relationship between the customer and the marketing organization. Direct marketing includes all activities to engage customers with the brand, thereby increasing their positive interactions. Direct marketing firm does not only sell, but it also knows when to approach a customer and what kind of information is to be provided. It allows sellers to focus efficiently on these minimarkets with offers that better match specific consumer needs. It is the most popular and widely used method to inform people about products and services. The effectiveness of direct marketing activities depends on marketers using databases to capture information about target customers and using this information to extend more personalized offers and information to customers. There are lots of opportunities through various agricultural market reforms. With the help of these reforms the direct marketing can be extended to higher levels.

## STATEMENT OF THE PROBLEM

There are lots of opportunities in the marketing sector of agriculture. Now the farmers mostly prefer direct marketing channels to sell their agricultural products. They can avoid the intermediates and get more benefit for their produce. There are lots of market reforms available which will benefit the farmers. But the farmers are not aware of the available reforms. Hence the farmers should be aware of all the direct selling marketing channels and also the available market reforms which will benefit them more.

## OBJECTIVES

- To study about the opportunities in direct marketing
- To discuss about the available agricultural market reforms

## REVIEW OF LITERATURE

Alok K. Sahoo and Krishna D.K (2020) in their article titled “Prospects of Direct marketing through Agricultural Market Reform in India” discusses about the scope in direct marketing and the several initiatives of direct marketing. The perspectives of direct marketing and the market reforms available were also discussed.

Varghese Abraham and Jerin Joseph (2019) in the article titled “An empirical study on direct marketing as the most effective form of marketing in the digitalized marketing environment” analyses about the importance of direct marketing and explore direct marketing as one of the effective form of marketing.

Halit Karaxha, Sejd Tolaj and Arjan Abazi (2016) in the article titled “The role of Direct marketing in relation with the consumers in Kosovo” analyses about the relationship with the consumers through direct marketing in Kosovo. Through various data collected from the consumers who are involved in direct marketing, it is concluded that through direct marketing the consumers are more related to the products.

## DIRECT MARKETING

Direct marketing of agriculture produce involves selling a product from the farm directly to customers. Direct marketing is a long felt need of the farmers and consumers of the country as it goes a long way in ensuring higher remuneration to the farmers and meeting the satisfaction level of consumers through direct sale of the agricultural commodity by the farmers to the consumer at affordable prices. Direct marketing of agricultural produce helps in complete elimination of middlemen and commission agents who charge high level of commission fee from the agriculturists/farmers coming to the market yards for selling their produce and then artificially inflate the retail prices. Many growers choose to direct market their products because it allows for better potential profit margins compared to selling wholesale. The benefits realized by cutting out the middleman and getting direct feedback from the customer can make these marketing avenues worth the labour required to sell directly. The direct marketing initiatives for agriculture products are

### 1. Gate Sales:

When farmers sell agricultural produce directly to consumers, it is called farm gate sales. Farmers either sell directly by putting up a stall on the highway near their farm or establish contacts with bulk consumers such as restaurants, caterers and independent retailers to supply directly to them. Gate sales are a common type of marketing among farmers who have access to

direct markets, are located on highways, or have the transportation and means to supply directly to their consumers.

## 2. Rural Primary Markets:

There are many regular and periodical markets in rural and interior areas known as haats, shandies, painths and fairs. Farmers bring their produce there on fixed days of the week and sell it to consumers. However, these markets lack facilities and hygiene, and are highly congested, in deep contrast to agricultural markets in developed countries. There is much to be done to increase the marketing efficiency of these markets so that farmers get remunerative prices. These markets are usually managed by panchayats and municipalities who collect ground rent and fees but the funds are not used for their betterment or for developing infrastructure.

## 3. Contract Farming:

When farmers enter into an agreement with a company to grow their produce as per its requirements and supply all of it to the company, it is called contract farming. The buyer specifies the quality, quantity and price, and the farmer delivers products to the buyer's premises. Food companies such as Pepsi, Nestle and KFC enter into long-term contracts with them for supply of food items. The companies help farmers by providing them high-yield seed varieties, knowhow and other inputs and are assured of supplies for their business. Contract farming is used for many agricultural products.

## 4. Cooperative Marketing:

A cooperative marketing association is a voluntary organization established by its members to market farm products collectively. Small farmers, who do not have resources to market themselves, come together to benefit from a larger organization. Cooperative members are the owners and operators and are the direct beneficiaries of the earnings of the society. Cooperatives can help achieve economies of scale, hire talent and gain better bargaining power, which individual farmers cannot do. They also help in removing intermediaries.

## PRESENT REFORMS IN AGRICULTURE MARKETING:

The available reforms in agricultural marketing are discussed below.

1. Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020:
  - Intra and Inter State Trade of farmer's produce was now allowed beyond the physical premises of existing markets: Trade in/at:
    - Farm gate,
    - Factory premises,
    - Warehouses,
    - Silos and
    - Cold storages.
  - Online trading of farmer's produce was allowed and farmer organizations and private sector were enabled to set up their electronic trading platforms.
  - State Governments would not levy market fees, cess or levies outside the physical market area.
2. Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill, 2020:

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- Farming agreements between farmers and buyers have been made possible, for production or rearing any farm produce.
  - The price of the produce will be clearly mentioned in the contract.
  - A clearly specified dispute resolution protecting the rights of both farmers and buyers.
3. The Essential Commodities (Amendment) Bill, 2020
- The Central Government may only invoke the provisions of the Essential Commodities Act, 1955 in an extraordinary situation (war, famine, extraordinary price rises and natural calamities)
  - Imposition of stock limits must only be based on price rises -if there is a 100 percent increase in retail price of horticultural produce and a 50 percent increase in the retail price of non-perishable produce.

Importantly, these bills do not dismantle the existing structure of State APMCs; rather, they provide competition to this system by opening up alternative marketing structures, direct buying, and contract farming. These bills do not replace the prevailing system of public procurement at Minimum Support Price.

#### CONCLUSION:

The direct marketing initiatives were analysed in the present study. Through direct marketing, the farmers are able to eliminate the intermediates and they get full benefit for their hard work. The distribution of agricultural products to customers is made simple due in large part to agricultural marketing. It has the same financial goal as all marketing initiatives. The farmers benefit from having a very short lead time to reach their clients. There is lot of reforms available for agricultural marketing. These agricultural marketing reforms create more opportunities to improve the direct marketing initiatives and benefit the farmers who are involved in agricultural marketing. This will improve the direct marketing forum.

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