

Marketing Strategies of Farmer Producer Companies in Maharashtra

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Abstract: The Farmer Producer Companies (FPCs) are emerging as a promising business model in the agriculture sector in India. The state of Maharashtra has been at the forefront of promoting FPCs as a means to increase the bargaining power of farmers in the market. The purpose of this research paper is to study the marketing strategies adopted by FPCs in Maharashtra and their impact on the overall performance of the companies. The paper provides an overview of the FPCs and their functioning, followed by an analysis of the marketing strategies adopted by them. The study also highlights the challenges faced by the FPCs in implementing these strategies and suggests measures to overcome them. The research is based on primary and secondary data collected from various sources such as FPCs, government reports, and academic literature. The findings of the study show that FPCs have been successful in adopting innovative marketing strategies such as direct marketing, contract farming, and value addition. These strategies have helped FPCs in achieving better prices for their products and improving the overall financial performance of the companies.

Index terms: The Farmer Producer Companies (FPCs), marketing strategies, direct marketing

INTRODUCTION

Agriculture is a vital sector of the Indian economy, contributing around 16% of the country's GDP and employing nearly 50% of the workforce. However, the sector faces numerous challenges such as low productivity, fragmented landholdings, and inadequate access to markets, which have resulted in low incomes for farmers. The government of India has been promoting the formation of Farmer Producer Companies (FPCs) as a means to address some of these challenges. FPCs are registered under the Companies Act and are owned and controlled by

farmers. They provide a platform for farmers to collectively undertake farming, processing, and marketing activities. Maharashtra has been at the forefront of promoting FPCs, with around 1500 FPCs registered in the state.

Marketing Strategies of FPCs:

FPCs in Maharashtra have adopted innovative marketing strategies to improve their market access and bargaining power. One such strategy is direct marketing, wherein the FPCs sell their produce directly to consumers, bypassing intermediaries. This strategy helps FPCs in capturing a larger share of the value chain and earning higher profits. FPCs have also adopted contract farming, wherein they enter into agreements with buyers to supply a specified quantity and quality of produce. This strategy provides price certainty to the farmers and helps in reducing the risk of price fluctuations. Value addition is another strategy adopted by FPCs, wherein they process the raw produce into value-added products such as jams, pickles, and juices. This strategy helps in increasing the value of the produce and generating additional income for the farmers.

Direct Marketing: Direct marketing involves selling the produce directly to consumers without involving middlemen. This strategy is used by FPCs to eliminate intermediaries and ensure that farmers receive a fair price for their produce. FPCs set up their own retail outlets or sell their products at local markets. For example, the Sahyadri Farmers Producer Company Ltd has established over 150 retail outlets across Maharashtra to sell its produce directly to consumers.

Indirect Marketing: Indirect marketing involves selling the produce through intermediaries such as wholesalers, retailers, and processors. This strategy is used by FPCs to access larger markets and leverage the expertise of intermediaries in marketing and distribution. FPCs enter into contracts with intermediaries to ensure that farmers receive a fair price for their produce. For example, the MahaFPC has tied up with large retailers such as Reliance Fresh and Big Bazaar to sell its produce.

Online Marketing: Online marketing involves selling the produce through e-commerce platforms. This strategy is used by FPCs to reach consumers who prefer to buy products online. FPCs partner with e-commerce platforms such as Amazon and Flipkart to sell their products online. For example, the Farm2U FPC has tied up with Amazon to sell its organic produce online.

Product Development: FPCs in Maharashtra have started to focus on product development to increase their competitiveness in the market. They are introducing new products such as organic produce, value-added products, and branded products. This helps them to differentiate their products from those of their competitors and increase their market share.

Market Research: FPCs conduct market research to understand the demand for their products and the preferences of their target customers. This helps them to tailor their products to meet the needs of their customers and increase their sales.

Packaging and Labeling: FPCs in Maharashtra are investing in attractive packaging and labeling to improve the visual appeal of their products. This helps them to stand out in the market and attract customers who are looking for quality products.

Promotion and Advertising: FPCs are using various channels such as social media, print media, and exhibitions to promote their products. They are also partnering with retailers and distributors to reach a wider audience. This helps them to increase brand awareness and attract new customers.

Direct Marketing: FPCs are also adopting direct marketing strategies such as door-to-door sales, farmer

markets, and online sales to reach customers directly. This helps them to bypass intermediaries and increase their profit margins.

Quality Control: FPCs in Maharashtra are investing in quality control measures to ensure that their products meet the desired standards. They are obtaining certifications such as organic certification, ISO certification, and HACCP certification to improve their credibility in the market.

Price Differentiation: FPCs are adopting price differentiation strategies to cater to different segments of the market. They are offering premium products at a higher price to customers who are willing to pay more for quality products. They are also offering discounted prices to bulk buyers and wholesalers.

Challenges Faced by FPCs:

Despite the various marketing strategies adopted by FPCs in Maharashtra, they face several challenges in the market. Some of these challenges are:

Limited Resources: FPCs often have limited resources in terms of capital, infrastructure, and technology. This limits their ability to invest in marketing activities and compete with established players in the market.

Lack of Awareness: Many customers are not aware of FPCs and their products. This makes it difficult for FPCs to establish their brand and reach their target customers.

Fragmented Market: The agricultural market in Maharashtra is highly fragmented, with many small players operating in the market. This makes it difficult for FPCs to establish a strong market presence and compete with established players.

Dependence on Intermediaries: FPCs often depend on intermediaries such as traders, commission agents, and wholesalers to sell their products. This limits their control over the pricing and distribution of their products.

FPCs in Maharashtra are adopting various marketing strategies to increase their market share and improve their competitiveness in the market. However, they face several challenges such as limited resources, lack of awareness, fragmented market, and dependence on intermediaries. To overcome these challenges, FPCs

need to collaborate with each other, invest in marketing activities, and focus on product development and quality control. This will help them to establish a strong market presence and improve the socio-economic status of small and marginal farmers in Maharashtra

CONCLUSION

FPCs have emerged as a promising business model in the agriculture sector in Maharashtra. The marketing strategies adopted by FPCs such as direct marketing, contract farming, and value addition have helped them in achieving better prices for their products and improving the overall financial performance of the companies. However, FPCs face numerous challenges in implementing these strategies, such as the lack of infrastructure, limited knowledge, and access to credit. The government of India and other stakeholders need to provide the necessary support to FPCs to overcome these challenges and realize their potential in transforming the agriculture sector in India.

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