

PGDM (RM), Programme, 2016-18

Rural Retailing

RM-602

Trimester – VI, End-Term Examination: February 2018

Time allowed: 2 Hrs 30 Min
Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. All other instructions on the reverse of Admit Card should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Short Questions)	5 Marks each	3*5 = 15
B	2 out of 3 (Long Questions)	10 Marks each	2*10 = 20
C	Compulsory Case Study	15 Marks	15
		Total Marks	50

Section A

Q1) Differentiate between MIS (market intervention scheme) and PSS (price support scheme) (5)

Q2) Give the definition of rural as given by each of the following: Census, IRDA, RBI, Planning Commission, LG Electronics (5x1)

Q3) What communication challenges did Bru face in rural India? Which innovative media vehicle was chosen for reaching the target group? Why? What else could have been used to improve the campaign? (4x1.25)

Q4) Strategies for penetration in rural markets are: Re-engineering of products and / or pack sizes, Consumer education, Adoption of alternative channels. Give two examples of each of the three options given. (2+1.5+1.5)

Q5) What were the critical success factors for Coca-Cola in rural markets? How did the competition respond to this strategy? Identify two major brands which adopted a similar pricing strategy to crack rural markets. (2+2+1)

Section B

Q1) What challenges did HPCL face in getting rural women to adopt LPG? How were these challenges overcome? What went wrong with the 50Kg. cylinder? Which new approach was evolved? How were the issues of acceptability and affordability addressed? What were the key success factors that brought about the desired behaviour change? How did HPCL benefit from the model? To which other categories can this model be applied? How? (8x1, 2)

Q2) Pl. explain and illustrate the new SEC. Highlight its merits . Explain its demerits too. (6+3+1)

Q3) In context of Rural market research: (a) Explain the difference between PRA and FGD (b) Name 5 Government sources of secondary rural data (c) Difference between: snowball sampling and multi stage area sampling (d) Explain Kish grid for respondent sampling. (4x2.5)

Section C

Case study: What Connects a Corporate Giant, Farmers and We the Consumer? Meet ITC e-Choupal

This initiative has enabled farmers from over 40,000 villages to make better choices and offered insights on better farm practices.

by TBI Team January 4, 2018, 6:25 pm, India's agricultural sector is at a crossroads today. The development of India's agri-sector is critical because it needs to provide food security to the estimated 1.5 billion people who will inhabit our country by 2030. The sector provides livelihoods to nearly half of India's workforce. Yet it is besieged by myriad challenges. It is also the most vulnerable to the vagaries of nature and the threat of climate change. The sector's woes include inadequate irrigation systems, shrinking landholdings, erratic rainfall, rising farm production and management costs, and inadequate access to timely information, credit and markets. Indeed, tens of millions of Indian farmers are suffering.

In Narsingkheda village of Madhya Pradesh, however, a farmer has found an avenue to overcome these struggles. Like many farmers across India, Kishore Singh's livelihood depends on the soil. Everything changed for Singh in 2006 when the diversified conglomerate ITC introduced an e-Choupal to his village. To the uninitiated, an ITC e-Choupal is an internet kiosk in the home of a fellow villager. An innovative model embedded with social goals, the ITC e-Choupal empowers farmers and hopes to trigger higher productivity and income through a host of services related to know-how, best practices, timely and relevant weather information, a transparent discovery of prices, access to quality agri-inputs at competitive prices and so on.

The lead villager (known as a Sanchalak), is computer literate and trained by ITC to assist other farmers in making use of the company's specially designed agricultural website, where they can gather critical information on soil quality, prices, weather, quality inputs and markets. E-choupals are much more than internet kiosks. They are generally located within walking distance or a 5-km radius. Instead of travelling long distances to the nearest mandi, the farmer takes a sample of his produce to the e-Choupal.

Here, the Sanchalak, using moisture metres and other techniques, measures the quality of his produce and issues a conditional quote.



The farmer can see ITC's price for himself on the website as well as the previous day's prices at nearby mandis on the computer. If he decides to sell to the ITC hub, the Sanchalak gives him a note which includes his name, village, particulars of the quality assessment, approximate quantity and conditional price.

The farmer takes the note along with his produce to the nearest ITC rural services hub called Choupal Saagar, which falls within a 30-km radius. Here, further testing is conducted by trained technicians. This initiative has enabled farmers to make better choices and offered insights on better farm practices. Also, these farmers now have better access to other markets, besides the organized mandis mandated by governments, and quality inputs, resulting in higher yields. For Kishore, the results are evident. "In the past decade, my output has doubled from five to six quintals of wheat and soya per acre to about 10 quintals of wheat and eight to nine quintals of soya," Singh said. The credit, according to Singh, goes to higher quality seeds, inputs and farming methods he has been able to adapt with access to timely information on weather conditions, prices across different local markets and services from the e-Choupal in his village. The e-Choupal initiative, among other facets of ITC's multi-dimensional Integrated Rural Development Programme, isn't just philanthropy. There is a strategic element to this initiative. By operating across the agri-value chain, ITC is able to source raw materials directly from farmers, thereby ensuring safe and quality food products for its FMCG consumers. Yet the farmers are free to sell to anybody and are not tied down to ITC with any written contracts.

Through e-Choupal, farmers do get necessary information about better farming practices and connections to markets for better prices, thus liberating farmers from exploitative middlemen. Singh, for example, prefers to sell his wares to the company at the Choupal Saagar, an ITC-supported hub that doubles up as a procurement and warehousing centre, besides a market for inputs like seeds and fertilizer. These hubs also have a soil-testing laboratory on their premises where trained technicians offer recommendations for fertilizers and additives based on a farmer's individual soil sample. Farmers are under no compulsion to sell to the company and can choose to sell their produce elsewhere. However at the Choupal Saagar, farmers' produce undergo electronic weighing and full payment happens within a couple of hours, unlike mandis where it can take a couple of days. This system also gives the company traceability of its key agri-inputs for manufacturing its popular brand of consumer food products. These home-grown Indian brands in turn anchor the entire agri-value chain, contributing to India's agrarian economy.

With a steady rise in income, Singh has bought his own tractor, a mechanised plough, seed drill and two threshing machines, one of which he leases. Through the company's local Cattle Development Centre, Singh has also managed to invest in crossbred livestock, resulting in a steady stream of supplementary income from milk sales. This

diversification allows him to sell his crop at an opportune time, unlike earlier in the mandis, where he had no direct access to market information or alternative sources of income, and was thus unable to exploit price trends. Through its e-Choupal initiative, the firm also runs women empowerment programmes particularly focusing on Ultra Poor Women, which enables development of entrepreneurial skills, besides income generation. Over 54,000 women have been benefitted so far through ITC's women-focused initiatives. ITC's rural initiatives also addresses the challenge of depleting natural resources. ITC's Soil and Moisture Conservation programme works with local agricultural communities to develop and manage local water resources, particularly in water stressed areas. This large-scale intervention in water stewardship covers 45 districts across 12 states and has brought the area under watershed to over 8,36,000 acres through more than 10,000 water harvesting structures. "Farmers are provided with critical information and relevant knowledge on farm productivity, prices and markets through the ITC e-Choupal to enlarge their choices. This platform also enables access to quality inputs," says S Sivakumar, Group Head of Agri and IT Businesses, ITC Ltd.

"Initiatives such as Livestock Development and Women Empowerment create avenues for supplementary non-farm incomes to protect against agri-income volatility as well as build capacities for investment," he adds. Today, Singh attends sessions at the Choupal Pradarshan Khet, which offers further training on the latest farming techniques. What's more, he uses his plot of land to offer demonstrations of these techniques for fellow farmers in his village. ITC's e-Choupal – a case study at the Harvard Business School for many years – has been a constantly evolving model. In its evolution into a platform and then an ecosystem, the media for interaction naturally expanded to mobile phones, Farmers' Field Schools, Choupal Haats etc. So, though there are 6100 e-Choupals, the outreach has been expanding and now caters to over 40,000 villages empowering over four million farmers.

In its next phase – the ITC e-Choupal 4.0, pilot for which has already started, the e-Choupal intends to become an aggregator for a variety of agri-services after integrating them with the on-ground presence of ITC's agribusinesses across 70,000 villages. The evolved model will cater to the new generation of agri- entrepreneurs and agrarian start-ups dealing with a wide array of services from hyper-local weather forecasts to support systems for precision agriculture; from sensors for smart irrigation to drones for crop-health monitoring; from image processing for disease recognition to predictive analytics for epidemic management; from next-gen farm management to online consumer outreach directly. Initiatives like the ITC e-Choupal will hopefully continue to engage with farmers in innovative ways, creating new opportunities to progressively raise rural incomes and contribute to India's goal of doubling farmers' income by 2022.

Q1. The ITC's e-chaupal model is a win –win proposition for the company, farmers and consumers. Comment. (7)

Q2. How is ITC charting out its future strategy? (5)

Q3. How has the agri eco system and livelihood improved in villages having e-chaupal?(3)