Marketing Management of Specialty Products via Uzhavar Santhais by Farmers Hub

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Abstract: My solution proposal of formation of a Hub of farmers can address lots of issues in the current supply chain of specialty farm produce to consumers. The specialty farm produce are the ones that are cultivated in particular area and distributed to other areas through other means of non-direct marketing techniques, e.g. Carrot from Ooty. The Farmers Hub is a solution model wherein the farmers on either the same locality or different but with the same specialty farm produce form a team/group. Specialty shops/space needs to be allocated to such group in Uzhavar Santhai. The produce will be transported to other Uzhavar Santhai and also will receive the produce from other Santhais. The received Specialty produce will be available in the specialty shops for customers. This approach can eliminate the middle men who are responsible for the high cost and also for food adulteration which is harmful to the society. This will help consumers get high quality and variety of farm produce with reasonable price. Enabling the exchange of such specialty produce among the Uzhavar Santhai needs to be encouraged by the Uzhavar Santhai Administration. Advantages of this approach are that wide varieties of unadulterated farm produce are available to the consumers with reasonable price i.e. 20-25 % lesser than current model, thereby attracting more customers to the Uzhavar Santhai. The farmers can benefit from around 20-25% higher price compared to previous model of wholesale price. Wastage is also prevented by this approach.

Keywords: Farmers Group, Direct Marketing, Higher profit, Quality, Specialty, Organic, Unadulterated, Supply chain management

1. Introduction

Uzhavar Santhai was introduced as a new marketing strategy in 1999. It aims at improving producers share in consumer rupee by eliminating middlemen in agricultural trade. Also it was to facilitate direct contact between the farmers and public. The aim of the Santhai is to provide fresh vegetables and fruits at reasonable price daily without any interference of middlemen, to provide correct measurement to the consumers, to give full satisfaction to the farmers and public, to aim for providing higher price than that of wholesale price to the farmers for their vegetables and fruits.

There are lots of drawbacks with respect to the location and facilities of the Uzhavar Santhais and the way it operates now. Also several marketing and supply chain strategies can be introduced to expand the operations to bring higher profit to farmers and also take the fresh produce to the consumer for lesser price. One such suggestion of creating a farmer’s hub is proposed here. The already operating locations of the Uzhavar Santhai are considered as the trading point for this approach.

2. Analysis of the current model

Horticultural Department officials identify vegetable growing farmers in the villages and photo identification cards are issued to those farmers. Shops are allotted at free of
cost to the farmers who bring their produce on first come first served basis and shops are not permanently allotted to farmers. The prices of vegetables and fruits are daily displayed in front of each shop as well as exhibited in big signboards of the market and it is ensured by the Department staff that the fruits and vegetables are sold at the fixed rates. The farmers are permitted to bring their produce without any fair for their luggage in special trips from the villages to Uzhavar Santhais Hill vegetables are sold in Uzhavar Santhais through women self-help groups, Cooperative Societies. Weighing scales are provided at free of cost for the use of farmers and they are retrieved after the sale proceedings are over. To sell unsold items on the next day, storage facilities are available.

The prices of the vegetables and fruits are daily fixed at the average of 20% higher than the wholesale prices and 15% less than retail prices by the Committee consisting of the representatives of farmers and officials.

The Uzhavar Santhai also functions as a Technical Information Centre to the farmers. It also acts as a Technical Training Centre to the farmers. Seeds and Other Inputs are also provided in some Uzhavar Santhais.

Current marketing flow

The high level marketing flow of the current Uzhavar Santhai is given below.

![Flowchart](image)

**Strengths**

The following are the strengths of the Uzhavar Santhai. Not all are operational, but the ones that are running currently has the below advantages:

- Farmers get fair price for their produce due to absence of intermediaries.
- Direct marketing approach, so farmers interacts with consumer directly.
- Government supported free facilities like weighing machine, shops for the produce sales.
- Free Government transportation to bring the produce and trolleys to take them to the shops.
- Minimal marketing procedure training needed for the farmer.
- Instant cash payment on the same day without waiting period.
- Price fixed by government officials and 15 – 20% more than the wholesale rate.
- Shop allocation on first come first serve basis.
- Helps other small traders to sell other produce like eggs/oil etc. in Santhai
- Cold storage and godown facilities in few of the Uzhavar Santhais
• Some Santhais are performing well with good number of transactions happening. Everyday, on an average, 1053 MT of fruits and vegetable worth Rs.108 lakhs are sold benefiting 7800 farmers and 1,97,000 consumers per day.

3. Weakness

Below are the drawbacks in the current model:

• At Present 103 Uzhavar Santhais are functioning with full vigor. No steps are taken to build new ones because of the political issue. On an average, now each district does not have more than two Santhai, with Erode being an exception.
• Farmers feel that some of the Uzhavar Santhais location is a major issue and is the reason for the less customers. E.g. Sathyamangalam
• The transport facility offered is based on the tie-up with state transport department. The timing and the availability of the transportation is the major issue.
• No digitalization for the market price and forecast available. Farmers get to know the price only on the day they bring the produce for sale. Also the next day price is not available for them to plan.
• Actual farmer does not get the shop allotted but traders disguise as farmers get shops due to corrupt officials.
• Non availability of godown and cold storage in all Uzhavar Santhais.
• No proper maintenance of the shops and unclean pavements. Also no proper waste management
• Basic amenities like parking area, drinking water are unavailable in some of the santhais.
• Because of the less number of Santhai’s for a district, farmers need to travel long distance and is unable to get back on time to continue with his day-to-day activities in farm.
• Farmers and customers are not aware of the location of the Santhais in their districts. No proper advertisement is done to promote Uzhavar santhai.
• There are options to pre-book for bulk orders for marriage and other occasions, but customer is not aware of such option.
• The price is less than the Retail price even if the quality is high
• Inconsistent rate by farmers, no supervising on how the farmer is selling.
• Traders influence the price fixing and farmers get only less
• Grading center not available in most of the Uzhavar Santhai like Regulated markets.
• Organic produce is not recognized and grading is unavailable
• Government not extending shops based on higher demand, so farmers may not get shops every day and are forced to sell throughMandi or outside market for a less price
• FCFS model of shop allotment may confuse the customer, as they may not find the farmer based on the preference.
• Statistics of the Goods returned are not maintained.

4. Opportunities:

There are lots of improvement areas and expansion opportunities possible in the current model. Below are the few:

• Packing can be introduced to attract customers. Even farmers can be encouraged to provide bio degradable pack for a cost. This can bring in additional income for them.
• Market attendance based analysis to be performed to evaluate the future needs.
• Other farm products like pepper, honey can be encouraged. Also processed products like sauce, pulp etc. can also be introduced.
• Maintenance of the amenities in a clean manner is necessary to attract customers and help farmers. Also Improvise the existing amenities.
• Price can be further increased in sync with Retail market for high quality produces.
• Digitalization is needed, to forecast, evaluate the demand and supply. Also to provide an estimate to the farmer on the previous day.
• Organic produce to be priced separately and encouraged
• Awareness of produce available in the Santhai’s to customer thro’ online updates
• Feedback from customer and Farmer – customer regular connects can be planned. This will help farmers to plan their produce based on customer needs and customer can get fresh seasonal produce.
• The pre-book option should be made aware and bulk orders processing can be supported.
• Santhai’s space can be used for value addition activities. E.g. Singapore
• Farmer can be further trained in marketing and food processing.
• Mela/Offer can be planned. E.g. Vegetable day
• Commodity wise shop can be thought of for future (Profit sharing approach)
• Advisory board can be created to help farmers with suggestions to increase the produce.
• Guidelines for surplus processing needs to be planned. The SCM for this surplus has to be established.
• Waste management needs to be planned. Manure creation from surplus and waste can be thought of.

5. Threats

There are lot of threats to this current model of Uzhavar Santhai as there are no expansion plans and proper maintenance. Below are few items:

• Wholesaler and Traders seem to influence the price fixing. Also ID cards has been issued for them by corrupt officials.
• Farmer possibility of getting a shop allocated is always a risk
• Sales of the surplus produce.
• Price is not known on the previous day
• Export options are not available
• No recognition for the regular and well performing farmers. No Encouragement.
• Non-Integration of the Santhai and non-visibility
• Farmers not given option to tie – up with Govt based hostels/ offices where the supply of produce is needed on regular basis.
• No permanent structure for some of the Santhai
• No Improvement or development planned for the Uzhavar santhai by the govt. e.g. Event management, surplus management.
• Customer not satisfied as there is no return policy or warranty
• No wide choice of produce available to attract customers
• Redesign each santhai based on location and customer is needed. The timing can also be flexible based on the district needs.
• Cleanliness is the major factor which customer is concerned and additional staffs needs to be appointed to monitor the same.

6. Proposed Model

Usually the Uzhavar Santhai is opted by the local farmers mostly marginal, small. The reason they go for Uzhavar Santhai is that they are able to transport the produce and live closer. The customer visiting the Santhai is not very much satisfied with the location,
variety and the cleanliness of the place. We will analyze on why variety of produce are not available. Specialty produce such as Carrot from Ooty are always transacted in bulk and are transported to other areas by the traders. This leads to higher price to consumers and both the farmer and consumer is not benefited by this.

The Farmers Hub is a solution model wherein the farmers on either the same locality or different but with the same specialty/organic farm produce form a team/group called Hub. Specialty shops/space needs to be allocated to such group in Uzhavar Santhai. The produce will be transported to other Uzhavar Santhai and also will receive the produce from other Santhais. The received Specialty produce will be available in the specialty shops for consumers. This approach can eliminate the middle man who are responsible for the high cost and also for food adulteration which is harmful to the society. This will help consumers get high quality and variety of farm produce with reasonable price. Enabling the exchange of such specialty produce among the Uzhavar Santhai needs to be encouraged by the Uzhavar Santhai Administration.

In this approach the Farm produce are directly available to the Consumers. The middle men like Agents, Dealers, Mandi owners etc., are completely avoided here. The Food adulteration is primarily carried out by these intermediates and this approach aims to avoid them to a great extent. Most of the adulterants are highly toxic for the body leading to heart failure, liver disorders, kidney disorders, paralysis and many other diseases. Adulterants can even cause life threatening disease like Cancer as well. By this approach we are not only aiming for fairness to farmers and consumers but also trying to encourage unadulterated farm produce to have a healthy society.

**Proposed Operation flow**

The high level marketing flow is given in the below flow diagram:

**Daily:**

Farmer -> Govt/Own Transport -> Santhai -> Shop in Uzhavar Santhai (Specialty - Premium and Organic Produce) -> Transport to other Santhai

Consumers/WholeSale/SmallRetailers -> Purchase (wide variety) -> Shop in Uzhavar Santhai

Renew (every 6 months) – same as existing:

Farmer Group/Hub -> Register -> ID card to representative
The following is the suggested approach to enable exchange of produce among Uzhavar Santhai and avoid intermediaries:

1. Identify Specialty/Organic products for each Uzhavar Santhai based on the area it is located.
2. Identify the Uzhavar Santhais where the identified Specialty and organic produce are of great demand and is sold at a higher price. The forecast of the quantity required based on the season is also identified at this point of finding of the Santhais.
3. Identify a representative in each identified Uzhavar Santhai to facilitate the exchange of Specialty produce.

4. The representative is responsible for identifying the farmers to form the Hub from whom the produce is to be collected and transported to the Uzhavar Santhai.
5. The representative is also responsible for determining the quantity to be exported to each of the Uzhavar Santhai in the group.
6. The representative is also responsible for schedule and payments to the HUB
7. The price of the produce received from other Uzhavar Santhai for Sale will needs to be fixed based on the co-ordination with the Uzhavar Santhai admin.
8. The transport related activities needs to be coordinated with the US admin.
9. The Specialty Space can be used to sale/trade the produce to consumers like cart sellers, Small Retailers etc.
10. The Specialty Stores can sale the produce to the consumers directly if required and is carried out by the Farmers in the Hub by taking turns.
11. Even the Government Sectors can purchase the vegetables and fruits from the Uzhavar Santhai Farmers Hub instead of involving contractors for e.g., Government Schools, Government College-Canteen/Hostel, Government office canteen, Amma Unavagam etc.
Advantages of the proposed model

There are various advantages of the proposed model, the major ones are summarized below:

- To the Farmer: 20-25% higher price
- To the Customer: Reasonable price (lesser than market price) with Quality and wide variety
- To the Society: Healthy and Adulteration free farm product

The details of the various advantage of the proposed model are given below:

Importance to Farm produce

Though the state of Tamilnadu has wide variety of Vegetable and Fruits cultivated, there are very less support of the trading as they are perishable. Only commodities like Paddy, grains, cotton, turmeric, coconut are supported by the government and other organization. Only very few varieties of fruits/vegetables like Mango, Onion, potato etc., are considered in scope for marketing.

Disconnect Farmers from Intermediaries like Dealers/Mandi/Agent:

The main aim of this approach is to eliminate the Intermediaries completely. Most of the small farmers are still depend on the middle man for selling their produce fearing the transport cost and wastage. Majority of the farmers are on debt and hence are reluctant to switch to new model. Since this model is the framework where the Farmer himself is responsible for creating a group, the group representative should be selected/elected in such a way that he should be able to convince his peer farmers to switch over. The risk factor is minimal as the major activities with respect to transport and price fixing is done by the US admin.

Minimal Risk for Farmers

Most of the risks the farmers have in the Uzhavar Santhai approach is eliminated here. The agreed quantity of the farmer’s produce is always take up by the Group and no risk of taking back the produce or wastage of the same as there is a demand and forecast plan drawn out while forming the Hub. Farmer need not spend his time and energy to sale the produce every day and needs to be available only for a day in a week based on his turn.

Quality produce to consumers

We always consider on the price hike by the middle man and traders of the farm produce. But there are several other harmful activities done by the middleman to the farm produce before it reaches the consumer. Lots of adulteration is done on the farm produce to increase the price. Also lots of contamination is done to increase the quantity. In this approach the farm produce without any intervention is available to the consumer. Hence this risk of contamination is reduced to great extent. Indian Government has found residues of pesticides in a significant number of vegetables, fruits, milk and other food items collected from various retail and wholesale outlets across the country. As per the study, 12.5 per cent Food Items contain unapproved Pesticides. E.g. Bell pepper showed 15 and Cherry tomatoes showed 13 different pesticides.
Wide Variety of farm produce to the Consumers

Since the Uzhavar Santhai is occupied mostly by the local farmers, variety is always an issue. This plays a major role as customers will not prefer visiting the Uzhavar Santhai just for getting one or few produce. Variety always attracts customers which make them to visit regularly. As the price is also nominal as there is no middle man intervention, the consumers will be highly interested.

Waste and Price Reduction

With proper demand and forecast planning across various Uzhavar Santhai, the produce can be transported to the places where there is more demand and hence the wastage or surplus produce can be avoided leading to increased income to farmers. Also in this approach the demand estimation is available to farmer for harvest planning which avoids the wastage of the produce. The price boost up of seasonal produce is also arrested by this approach due to effective and transparent demand and supply forecast.

7. Conclusion

There are lots of initiatives from both the state and Central government to encourage agriculture and farmers. Most of them are focusing on the same set of commodities such as Paddy, Grains and least importance is given to perishable goods. The perishable goods can also be source of good income if there the Supply Chain is properly designed. There are lots of online and retail stores including organic who are doing the supply of fresh farm produce in cities. With support from the government and simple Supply Chain establishment similar marketing and Sales technique can help both farmers and consumers even society to a great extent. Lack of knowledge on such Supply Chain methodologies and marketing techniques are making our farmers suffer as they completely rely on the middle men chain who exploit them to the core. The consumers are also paying a higher price for a low quality and contaminated produce just because the Supply Chain is not established properly. More importance needs to be given to the retailing of the perishable farm produce in order to avoid distress among farmers and to create a Healthy society.

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