

How direct marketing can secure the income of farmers in times of a pandemic

Green Innovation Centres for the Agriculture and Food Sector – India
One World – No Hunger Initiative
Commissioned by German Federal Ministry for Economic Cooperation and Development (BMZ)
Implemented by Deutsche Gesellschaft fuer Internationale Zusammenarbeit (GIZ) GmbH

The Green Innovation Centre India has started a Direct Marketing initiative to ensure safe sales market in the times of COVID-19. As traditional markets remain closed, farmers in Pune (Maharashtra state) now sell their farm produce directly to consumers to minimise their loss and to provide consumers with reasonably priced fresh products. The Green Innovation Centre India is supporting the purchase of special sorting tables for the centre where the farm produce is being packed.

The challenge: There is both supply and demand of agricultural produce, but markets are closed and commodities cannot be traded.

On the 24th of March 2020, the Government of India announced a total lockdown in the country to control the increasing infection rates of the COVID-19 pandemic. During six weeks, also markets were closed and thus, many farmers were not able to sell their farm produce which led to substantial losses. Not only farmers suffered: the drop in supply caused skyrocketing prices and consumers had hard times to afford agricultural products. Therefore, a different type of sales market had to be developed.

The solution: Direct Marketing without intermediaries

A director of the *Krusha Navakalpana* Farmer Producer Company (FPC) which is facilitated by the Green Innovation Centre India project came up with the idea to **sell the farm produce directly to consumers to minimise the loss for farmers and to provide consumers with reasonably priced fresh products**. In the frame of this “experiment” a Farmer Study Group (FSG)¹ that consists of 20 farmers was identified to sell their produce directly to the consumers through the FPC.

Direct Marketing – What is it actually all about?
This type of marketing includes “*marketing arrangement[s] in which producers sell agricultural products directly to the final consumers, such as sales to consumers through farmers’ markets, [...] or farm stands*” (Source: [USDA Economic Research Service, p. 62](#)).

The preparations for successful sales

An important condition for the successful sale was that the FPC did not charge any fees to the farmers for providing the direct marketing services as the members were already incurring losses. After some discussions, the FPC and the FSG agreed on the terms and conditions of the operation: farmers could only

¹ In the Green Innovation Centre India, farmers of the same village form a so-called “Farmer Study Groups” (FSG) which are being trained by the project. 10-20 Farmer Study Groups form a “Farmer Producer Company” (FPC). The approach is to become a self-sustaining enterprise to work as a key actor along the respective value chain to provide services for their member farmers.

supply graded produce to the FPC, the FPC could in turn grade the produce before packaging itself and any of the out-graded produce would be returned to the farmers and not paid.

Development of the “experiment”

A housing society in Pune (Maharashtra state) that wanted to purchase agricultural produce directly could be identified by the FPC. The farmers jointly created fruit and vegetable baskets in consultation with the housing society members after a collection centre was provided by a member of the Farmer Study Group. In this centre, the vegetables were sorted, graded and packed on special tables that had been provided by the Green Innovation Centre India to improve the efficiency of the operation. The project also temporarily supported sourcing, supervision and marketing consultants.

The first order was to **supply 177 food baskets** to the society at the price of **Rs 350 per basket** (each weighs 10kg).

At the beginning of the trial, the farmers supplied produce once per week but later on, the frequency increased to twice a week. The feedback was very positive: existing consumers started to refer new housing societies and the demand for the products started to increase.

How the sale of agricultural products in India normally works: The [Agricultural Produce Market Committee \(APMC\)](#)

The APMC is a marketing board established by an Indian government to ensure that farmers are protected from exploitation by large retailers

APMCs operate on the basis of two principles:

1. Ensure that farmers are not exploited by intermediaries (or money lenders) who compel farmers to sell their produce at the farm gate for an extremely low price.
2. All food produce should first be brought to a market yard (mandis) and then sold through auction.

What has been achieved so far

Till date, the Farmer Producer Company has supplied more than **10,000 food baskets (100 Mt in total)** to consumers in Pune City in Maharashtra with a total turnover of **INR 3,500,000 (41.000 Euro)**.

...and what is next?

Good references from the clients are helping the *Krushī Navakalpana* Farmer Producer Company in building a brand in the mind of the prospective consumers. The demand is increasing and the FPC has decided to **turn the experiment into an actual business**. They commissioned a local company to develop an app that allows consumers to place individual orders.

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