E-MARKETING FOR SELF HELP GROUP’S AGRICULTURAL PRODUCTS IN INDIA

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ABSTRACT

One of the problems facing SHG farmers in Indian is how to market their products beyond their locality. Information technology tools have been tested and accepted widely and can be used to solve the problem of marketing of agricultural products produced by SHG. This paper explores the background of the study relating to agriculture practice and marketing of the SHG products in India. It proposes the use of merchant to act as a middle agent between the SHG and consumers for the marketing system. This paper explores the use of web application to market SHG products to allow the customers select their preferred products to their carts and an invoice will be generated electronically based on the goods selected. There after, a two way payment is made available; online payments using e-transacts and local payment to the merchant account directly.

Keywords: SHG, Agriculture, Internet, Marketing.

INTRODUCTION

India is considered one of the prominent IT hubs in the world. We have the biggest IT service industry and software services export which stands at a staggering 48-50 B US Dollars according to NASSCOM for the year 2012. Almost all the US retailers have their call centers based in India. Though the preferences has been shifting towards Philippines and other countries lately, Indian is
still the hotspot for BPO. At the end of March-2010, the internet penetration stands at 13.54 million non-broad band, 6.22 million broad band and 117.82 million wireless internet access in India. Given the state of internet and PC penetration in India still lag behind Korea and Japan etc, these figures if not outstanding are not disappointing either. So with this much of connected audience, out of which we can safely assume, 90% would be having operational knowledge of the computer, India’s online retail landscape is lagging behind at USD 0.23 B in comparison to UK standing at 15 billion pound per year and US at USD 32.9B at the end of 2011.

Self Help Groups (SHG) is a groups of individuals voluntarily formed with 10 to 20 members having similar identity, heritage, caste (or) occupation for a common cause. The members mutually contribute to the common fund on a regular basis and lend the same to its members for meeting productive needs. In case of need, the group may borrow, funds from banks and financial institutions and lend the same to the members. The members of Self Help Groups individually and as a group jointly promote industrial ventures. The profit earned from the group activity is shared by its members equally.

The role of self help groups is the upliftment of families in suffering is much appreciable. The families in financial difficulties find SHGs as a boon in ameliorating their financial problems. Similarly SHG’s formed in areas which are in crisis have assisted much to the upliftment of poor who are affected by such crisis. It is especially true in underdeveloped countries like India, where more than 50 per cent of the people live below poverty.

Self Help Groups are producing different types of products like bakery confectionery, Toys, papers products, chalk piece, candle, agarbathi, hollow block, detergent products, masala powder, foot mat, coir products, brick kiln, jute products, greeting cards, palm leaf articles, painting on fabrics, glass & mud pot, herbal products, all agricultural products, dairy products, broiler, turkey, rabbit rearing, pottery, leather products, vessel making, terractoa, mosquito nets and cosmetics etc. Actually the SHG’s are facing lot of marketing problem for marketing their products due to lack of marketing skill and knowledge. Their main marketing problems are: (a) Problem regarding situation analysis, (b) Problem regarding marketing policies, (c) Problem regarding marketing policies, (d) Problem regarding to product policies and practices, (e) Problem regarding pricing policies and practices, (f) Problem regarding distribution policies and promotional policies. Out of above said problems distribution problem is one of the main area because SHGs are struggling hard to handle this problem.

The channel of distribution is the route through which product passes from the hands of manufacturers to the hands of consumers. The decisions regarding channels of distribution influence greatly the availability of right product in right condition at right time at right place which, in turn, affect the success of the marketer and the level of customer satisfaction. In India, SHGs are following their traditional policies and practices regarding the channels of distributions. It appears that they do not have any high ambition for making the system of distribution effective and efficient. The major problems relating to channels of distribution are as under:

1. Lack of appropriate distribution planning and strategy.
2. Lack of eagerness and enthusiasm to evolve a new pattern of distribution system.
3. Lack of information about genuine distributors / middlemen.
4. High expectation of middlemen with regard to credit.
5. Greater dominance of middlemen in the market.
6. Lack of appropriate planning & strategy relating to transportation, inventory, warehousing etc.
7. Virtual absence of effective distribution network in the individual unit.
8. Exploitation by middlemen.
REVIEW OF LITERATURE

In the present era of globalization, trade liberalization and privatization, information technology (IT) plays a vital role to make a product competitive in the global market through all its manifestations like e-mail, multimedia, electronic banking, internet, world wide web and so on (Talathi, 2007). Internet is the fastest growing communication medium on earth at present. Doing agri business on-line through internet is generally referred to as E-agribusiness. It is also referred to as application of e-commerce in agri business basically, it is information technology (IT) based agri business (Boone and Kurtz, 2001). Technically, agri business is arm of e-commerce which is can be defined as any form of business transaction in which the parties interact electronically rather than by physical exchanges or direct physical contact. (Ernst and Ehmkke, 2000). So Self Help Groups from various parts of the country can sell their produce on line since one of the problem SHG is facing is improper marketing.

Companies using modern marketing techniques such as internet marketing, viral marketing search engine marketing and e-mail marketing will be more successful in meeting the competition. A web based marketing campaign allows the organizations to create a customer information system, which is linked to its customer profiles, thus the ability to target potential sales, is a powerful tool, enabling the organization to give people what they want rather than applying a generalist advertising campaign that may not reach its target audience (Nicolas, 2006). Trim (2002) revealed that relationship marketing has evolved and is playing on integral part in the formation of partnership arrangement in an era characterized by network and technology utilization. Harkar and Akkeren (2002) viewed the benefits related to new technology, such as shortening the product life cycle and changing standards.

Joseph et al., (2001) viewed that the internet / web marketing became dominating on the business relationships in the supply chain and by creating systemic change in the way consumers shop, organizations buy, prospects are reached, transactions are completed, customers are served and business is conducted. E-commerce is clearly riding a steep and heady growth curve. The world Wide Web ignores geographic and political boundaries and temporal restrictions. Companies of all size and structures are discovering opportunities to save costs, especially for the processing and delivery of digital goods. Even for many tangible goods, cost reductions are palpable as the new technology promise closer and faster connections with suppliers and customers. In the web world, consumers can search much more thoroughly and efficiently.

Raj Kumar Gautam (2012) stated that most of the units relating to various industries face internet marketing problems like shortage of skilled staff, technological (or) market access issues, and financial issues to a moderate extent. Comparatively, higher number of units belonging to textiles has been facing internet marketing problems and units belonging to leather and leather products are facing less number of internet marketing problems as compared to units relating to other industries.

The marketability of a product depends upon a lot of factors, but the main objective of marketing a product is to bring more visitors to the site. The focus of bringing more visitors can be done through quantitative approach or qualitative approach (Ogunjobi, 2011).

APPLICATION OF E-COMMERCE

Considering the weather conditions in India, production is really encouraging but still the condition of marketing of farm produce is not yet meeting the expectation of the farmers. Looking at the present forms of marketing of farm products in India, we are still operating traditional form of marketing. There are so many defects in the present marketing system such as the ways of making the prospective customers know the products the farmers have, locating the right farmers that have
the actual needed products, marketing the products to remote customers and problem of not paying for what they bought. A case of a virtual market that was launched in 2010 (www. Virtual market.com) but collapsed due to improper payment method. To overcome these defects new techniques and trends should be adopted that will involve standard institution such as banks that will ensure the integrity in buying and selling transactions of SHG’s agricultural products online.

Therefore, this paper provides solution to the afore mentioned problems by creating a working and robust web application to market SHGs farm product. The agro-market web application integrates the e-transact payment system, a popular plat form that is operational in Indian banks for most e-payment in India.

Agriculture is the reason why we have food on our table at our homes every day. The agriculturist are doing what they can in studying and research on new methods to delivery quality crops in the market. Agriculture is by far the most important sector of Indian economy, engaging about 70% of the labour force but often characterized by simple tools and shifting cultivation. India has different climatic conditions, ranging from the tropical climate to temperature which makes it possible to have nearly all agricultural products in the country.

Presently, agriculture holdings are generally small and scattered, farming is often of the subsistence variety. The economic benefits of large scale agriculture are recognized, the government favours the formation of cooperative societies and settlements to encourage industrial agriculture. Despite the abundant supply of water, a favourable climate and wide land mass for cultivation, productivity is still low due to the in-efficient methods of cultivation because most farmers are not literate, therefore not aware of modern agricultural farming methods. Some of the literate ones that are venturing into agriculture are not finding it enjoyable because of the traditional method employed in marketing of their products.

E-marketing holds a number of benefits such as a wide market reach coupled with the reduction of cost, however, there are some challenges such as the difficulties experienced by the SHG’s to connect consumers as a result of the crude means employed is marketing their produce. Security of information sharing especially financial transaction is also of great concerns. Despite these difficulties benefits of e-marketing much more surpass the challenges and most of these difficulties are addressed in this paper. The focus area of this paper is to market SHG’s agricultural products electronically.

The architecture has agent (or) merchant as the middle man that owns the e-commerce web site. The duty of the agent involved is to make contacts with the SHG farmers by supplying fertilizer and the necessary tools needed by the SHG farmers. In turn, the agent returns to the SHG farmer during the harvest period to bring all farm products from SHG farmers to their warehouse as seen in Fig.1. This agent should be an organization that is duly registered by the government to carryout such business. There is an input supply agency in Tamil Nadu state that supply seeds, fertilizers, pesticides and farm implements to SHG farmers, such agency’s scheduled could be broadened to include buying the products from the SHG farmers. And this sector should be deregulated so as to allow private investors duly registered by the government to participate fully. Upon the arrival of all products in the agent warehouse, advertisement is placed on the agents website about the new products to their customers. The buyers will have to contacts this web in order to purchase these products, made necessary payments including transportation.

PROPOSED MODEL DESIGN

The proposed system is a secured web application for agricultural products. This section describes the design details of the electronic market place for agricultural products and also a secure transaction mode. This application is designed taking into consideration the following:

- Establishment of payment transactions that provide confidentiality of information.
Authentication of customer's payment to ensure integrity
In achieving this, the following parties are involved;
- Customer
- Merchant
- Merchant Bank
- Inter-switch system

DATABASE DESIGN

The store house for the data that are used for various processing by the system are defined in the various tables available in the Basql database server used for the design. The Merchant's site has interfaces that are available through which online customers can access the various information in the server. This is done through processing of the various queries sent to the server by the customers via these interfaces. The tables and their attributes are listed here.

THE USER PROFILE TABLE

This keeps the detail information of registered customers. It contains the following fields, UserID, email, password, first name, surname, gender, date of birth, phone No, Street Address, city and country. Making user ID as primary key.

The Items Table

This table holds the information of the merchant's goods on the web site. The fields are Item id, Item Name, Item Price, Item Categoryid, Item Image and Item Status.

The Category Table

This contains the categories of products available online. The fields are categoryid and category name.

The Order Table

This keep records of each transaction. The following fields are presents: Order id, User id, item id, Quality, date, status and price. Order id is made primary key.

The Payment Table

This keeps customers payments details. It includes the following fields, Payment ID, Amount, Account No, Account Name, and Bank Name.

The Admin Table

This table consists of fields like, FullName, ID, Email, and Password

The Bank Table

This table keeps all records that involve transaction. The fields present are Bank ID, Bank Name, Account Name, Account No, Balance and Status.

The Cart Table

This contains the attributes of various goods selected by the customers. The fields are Id, session id, Item id, Item Name, Item price, Item qty, Item image, Date.
SYSTEM IMPLEMENTATION AND DOCUMENTATION

System implementation is the realization of the proposed system based on the specification in the analysis and design stage of this project. It basically involves the steps to put the new system into operation. The system is implemented using client-server architecture. On the client side, Hypertext Markup Language (HTML) is used to display the content of the web Pages in the web browser. The Server side is implemented using Mysql and PHP technology. Apache server is used as the control centre for all other technology. The extended capacity of PHP is used to process the dynamic web pages that work with database to create an effective realtime processing. Mysql relational database is used for the creation of the database that holds the tables. Hypertext Markup Language (HTML) is the text mark-up language used on the World Wide Web for display of contents in browsers such as Internet exploler.

DISCUSSION OF THE RESULTS

User Login

On this page, user or customer will supply his email and password to gain access into the system. New user will have to register by clicking on the sign-up link.

Sign-up interface Page

New user fills in the necessary information that is needed to register with the merchant. Thereafter, a successful notification will be display to the registered user

This page displays the different kind of goods the merchant want to sell to his or her customers. The goods are being selected by clicking on each category of products, filling in the number of quantities to purchase and add them to the cart.

Invoice Page

This page display all the products selected by the customer, which include the unit price, quantities, and the total price of all goods.

Category Page

This page is the main section where the merchant can add categories and the items available. This is the control area where unit price is fixed items are added or deleted from the database.

Merchant Bank

This page simulates the bank payment operations in India. As long as the customer has an account with any Indian banks, he or she automatically has an account with inter-switch for the purpose of e-transact operation. In the course of payment, the customer goes into any of the banks with merchant account name and account number given at the point of product selection. Upon the payment at the bank, a pin code will be given to the customer to be used for the authentication purpose on the system.

Transaction Page

This is the page where the real transaction takes place. It consists of two sections, namely the online mode and Local Mode.

Online Transaction Page

The Online transaction page shows how customers can make payment online rather than paying to the bank. During payment process customers must have a bank account, bank account pin code and the bank name. When all these are provided the total sum of all selected goods will be deducted from his or her account automatically.
Local Transaction Page
This page displays all merchant bank payment details which includes Merchant Country, Merchant Bank Name, Merchant Account Number and Merchant billing price.

Local Payment Verification Page
When all necessary payment have been made by the customer, a payment pin code will be generated for each customer which will be use to verify his or her payment.

CONCLUSION
In this paper a detailed research was carried for the successful development of an e-market web application. The system was designed based on Indian Agricultural Products and also implemented using both online and offline mode of transaction, to ensure easy payment for goods. Privacy of transactions and authentication of all parties involved were considered for achieving the level of trust that allowed the transaction to be successful. It is absolutely necessary that Indian Agro based Industry gets ready to do business using this medium.

There will be tremendous potential of e-agribusiness and enormous opportunities would be created in the business of agricultural sector if the e-marketing model analysed here is adopted by SHG farmers, government and private organisations. I thereby recommend that individual or private organization that wants to get involved in an online business should registered with the appropriate authority, so as to increase the level of trust among the customers which will directly increase the interest of customers in purchasing the products displayed online.

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