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**M. B. A. (Fourth Semester) Examination,
April-May 2021**

(New Scheme)

(Specialization : Marketing Management)

(Management Branch)

RURAL and AGRO MARKETING (New)

Time Allowed : Three hours

Maximum Marks : 80

Minimum Pass Marks : 32

Note : Section A : Attempt all questions (each carries 12 marks). Section B : Compulsory (carry 20 marks).

Section-A

5×12=60

Note : Answer all five questions and 12 marks each.

1. How do you define rural? Describe the factors those influence rural marketing? Why it is important to over lift Indian rural market.

[2]

Or

A durables company wants to sell its products in rural markets. What critical factors in the socio-economic environment should it examine to design its market entry strategy?

Or

Explain :

- (i) Thompson Index
- (ii) Market Strategies in rural market

2. How can the rural customer be encouraged to pay for informational services, given the fact that information shared with one customer is likely to be shared with the entire community? Suggest a specific pricing strategy.

Or

Abraham Maslow sought to explain why people are driven by particular needs at particular times. How does Maslow's theory help marketers in rural areas?

Or

Briefly describe some innovative tools used in rural marketing research. Elaborate any one such tool with an

[3]

example. What are the limitations of conducting rural research?

3. Critically analyse the issue of fake products in rural markets. What are the different strategies that a rural marketer should adopt to handle this issue?

Or

Explain the five levels of a product with examples. Identify two products each in the successful and failed categories in rural markets, and discuss the factors that contributed to their success and failure.

Or

Why has modern retailing not expanded beyond a few initiatives in rural areas? Discuss the challenges faced by modern retailers. What can be done to improve their sustainability?

4. Write short notes on : (any three)

- (i) Non conventional forms of Agribusiness
- (ii) Cooperative Marketing
- (iii) Supply Chain Management in Agri-business

[4]

- (iv) Organized procurement and warehousing
 - (v) Export potential for farm products
5. What is the role of cooperatives in rural economy, in respect of APEDA, NAFED, MRKFED and HPMC. Discuss the future of rural market in India.

Or

Briefly discuss agriculture credit situation in India. Explain various types of credit-rural credit institutions. Discuss the impact of kisan credit card scheme on rural market.

Or

Write note on working of institutional participants for the development of Indian Agricultural Market.

Section-B

Solve a Case 20

Insurance Marketing in Rural India

The insurance sector opened up in 2000. The Insurance Regulatory and Developing Authority has made it mandatory for the private insurance players to sell a percentage of new policies written in the rural market. The initial guidelines had stipulated that 5% of total

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policies sold be private sector insurance players, had to be in the rural areas. This stipulation was changed in October, 2002 to seven percent of total policies sold for the first year of operation, increasing to 9% for the second, 12 percent for the third, 14% for the fourth and 16% for the fifth year. The parliament also stipulated that the private players should also cover rural and organized sector. As per IRDA regulation, rural area is defined as a market with less than five thousand populations, the density of population is 400 per square kilometer and at least 75% population are into agriculture.

India as a country is underinsured. It has 35% of 250 million insurable population covered by some form of insurance. With 80% of the insurance business coming from endowment assurance and money back scheme. With 71% of the population living in rural areas, this market is least penetrated. The concept of saving money for covering life and liabilities in rural areas has to be developed. These customers would typically have been exposed to post office and bank savings but they have a high concern for a unexpected death in the family.

The CEO of Bajaj Allianz is of the opinion that the insurance awareness in IRDA defined villages in low compared to revenue villages as the latter category of villages have gone in a rapid urbanization path. In IRDA

defined villages, hardly people are able to make their living. Insurance awareness and demand will be definitely low. So there is a need for insurance education in these markets. As per a pilot study conducted by HDFC standard life in a few rural markets, at least 70-80 percent men in the age group of 25 to 45 years are aware of life insurance as an option. There is an ever increasing trend of the need for insurance in the rural areas because rural economy is one in which people are in perpetual debt and hence more people are waking up to the need to cover their risk.

The research indicates that savings linked or premium back policies that are more acceptable among villagers. So it is necessary to restructure the products with lower premium limits, so as to make them more affordable for rural folk. The customers prefer products, which give return on their investment and provide lump sum cash at the time of need. Pure term products are not well accepted, as they do not see any return during their lifetime. Policies, which are simple and convenient, will have higher acceptability.

Besides low premium, simple endowment and term plans which are popular in the rural areas. Aviva's approach focuses on the special needs of the customer. In include introduction of products that are easy to understand, do

not require medical tests and have simpler documentations. It has introduced three low premium products, which don't require any medical test, a pure term plan, a term insurance policy with premium back and a fixed term protection-cumsavings plan which can be purchased by just giving a declaration of good health.

There is a rapid change witnessed in the rural market in the form of insurance products that are relevant to the rural population at different life stages and products that enable an individual to get the best value for the objective he or she has in the mind. Aviva is using its bank assurance distribution network to reach the rural sector. Through Canara Bank, it sells Amar Surakhya plan.

Through Lakhmi Vilas Bank it sells Jan Surakhya policy, which, are simple term insurance policy with premium back facility. ICICI prudential Life Insurance offers three specific rural insurance products. Of these products, it is the endowment products with a savings component in addition to the protection element, which is popular. Both the endowment and term products are sold through its partnership with ITC's e-Chaupal and some NGOs. Om Kotak has launched its 'Kotak Gramin Bima Yojna', which combines the benefits of a fixed deposit and an insurance plan catering to the rural sector. Its group term and group credit term products are offered to

various organizations. Which have alliance with rural segments like SEWA, BHASA, and Mahindra and Mahindra Financial Services.

Max New York Life is also building trust among the rural population for life insurance. MNYL is focusing on Punjab market. To deepen its rural penetration, has developed a hub and spoke model of distribution. In the first phase, the company has opened an area office in Patiala, Besides 12 other representative offices have also been set up at the tehsil office. It plans to open two new branches in Bhatinda and Sanganur. The annual premium for products targeted for rural market varies from Rs. 50 - Rs. 20,000. The company has appointed 150 gram sahayaks to serve rural markets. They are the local residents who belong to those villages and understand the people's psychology, buying capacity and have influence on these people.

Rural/Social Sector Statistics

Name of the Life Insurer	Policies Issued in rural area (2002-03)	Policies Issued in rural area (2001-02)	Number of Lives Covered in Social Sector (2002-03)	Number of Lives in Social Sector (2002-01)
Private Sector				
HDFC standard	15352	1365	10490	4959
ICICI Prudential	29376	6940	17964	7604
Max NewYork	9345	5551	15669	7649

Om Kotak				
Mahindra	5169	770	32499	6023
Birla Sun	10442	2005	11857	8174
Tata AIG	9137	3894	11825	7500
SBI Life	2700	148	37478	0
Bajaj Allianz	19368	3881	11111	2528
ING Vyasa	3883	658	7500	3500
Metlife India	2916	84	851	0
AMP Sanmar	1510	72	7572	0
Aviva Life	96	—	2370	—
Sub Total	109274	25368	167186	47937
Public Sector				
LIC	4523457	3701444	761752	754816
Total	4632731	3726812	928938	802753

To make buying easy for the rural people, all marketing communications are localized. All products, company brochures and brochures and marketing campaigns are in local languages. The companies have started organizing road shows in villages and melas. The communication as well as proposal forms have also been simplified. Once this market experiment is successful, and then the companies are planning to replicate the model in other rural areas. Tata AIG Life has recently launched six products-three below poverty line model and three for people just above the poverty line and plan to go deeper into the rural pockets.

Questions :

- (i) What is the difference in behaviour of an urban and rural insurance buyer?
- (ii) What are the challenges for insurance companies in rural markets?
- (iii) Evaluate strategies followed by various private insurance players in Indian Rural Market.
- (iv) What goals should a marketer pursue for developing rural markets as a potential market for insurance products?
- (v) Develop a suitable marketing strategy for TATAAIGs six new products as mentioned in the case.