

## Indian Rural Marketing: Growth and Challenges

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**Abstract:** Rural marketing is a fashionable subject today, though it is far more important for a developing economy like that of India. Different people have different definitions of rural marketing. This happens as the subject has been relatively unattended by serious academic professionals. The opening up of the domestic economy to external competition and the emergence of purchasing power in the rural areas, business and development professional calls for a better understanding of the concept and processes of rural marketing. This paper is an emphasize on understanding rural India and trying to find out the marketing patters in rural India, challenges and obstacles faced by markets for advertising in rural India.

Keywords: India, Marketing, Rural India, growth, advertising

### 1 Introduction

Rural marketing is the process of developing, pricing, promoting, distributing rural specific goods and a service leading to exchanges between urban and rural markets which satisfies consumer demand and also achieves organizational objectives (Ramkeshen, 2002, p. 10). The term “rural marketing” which was earlier used as an umbrella term to refer to all commercial transactions of rural people, acquired a separate meaning of great significance in 1990s. Since 1980s, India’s industrial sector had gained in strength and maturity. It’s contribution to GNP increase substantially. A new service sector had emerged signifying the metamorphosis of agricultural society into industrial society. Due to development programmes of the central and state governments, service organizations and socially responsible business groups like Mafatlal, Tata’s, Birla’s, Goenkas and others, the rural area witnessed an all-round socio-economic progress. The economic reforms of 1991-92 further accelerated the process by introducing competition in the markets.

### 2. PHASES OF RURAL MARKETING

*Phase –I from Independence to Mid-sixties*

- Agricultural Produce – Food grains and Industrial inputs – cotton, oilseeds, sugarcane etc. --main focus.
- The marketing action of firms supplying agricultural inputs –fertilizers, seeds & pesticides and of artisans in rural areas- supplying bamboo baskets, ropes, window & door frames, tools like ploughs by sellers like blacksmiths, carpenters, cobblers & pot makers-- received secondary attention . Market for Tractors, harvesters, thrashers, pump sets etc. was miniscule.

*Phase – II From mid-sixties (Green Revolution) to mid-nineties*

- Green revolution – scientific farming practices, transformed villages into prosperous business centers. Demand for agricultural inputs went up.
- Better irrigation facilities, soil testing, use of high yield variety of seeds, fertilizers, pesticides, and employment of machinery like power tills, harvesters, thrashers etc. changed the rural scenario.
- Marketing of agricultural inputs assumed significance.
- Two separate areas of activities emerged: Conventional Agricultural Marketing & Marketing of Agricultural inputs -- Urban to rural. Marketing of rural products received considerable attention.
- Formation of agencies like Khadi & Village Industries Commission (KVIC), Girijan Co-Operative Societies & APCO Fabrics (in AP) and special attention of govt. to promote these products. Village industries flourished and products like – Handicrafts, Handloom textiles, soaps, safety matches, crackers etc. were sold in urban markets on large scale.

*Phase – III Mid Nineties to 20<sup>th</sup> century*

- Marketing of household Consumables and Durables, not considered in earlier phases.
- Earlier the rural market for these products was not large enough. They were inaccessible.
- Small villages were widely scattered making reach difficult & expensive.

*Phase –IV 21<sup>st</sup> Century:*

- Developmental marketing The objective of rural marketing in current phase is the improvement of quality of life by satisfying the needs and wants of customers, not through stand -alone products or services but by presenting comprehensive and integrated solutions which involve a set of interrelated products & services.
- Accelerated development in Rural India, coupled with increase in purchasing power because of scientific farming, changing lifestyle and consumption patterns, increase in education, social mobility, improved means of transportation & communications and other penetrations of mass media like TV and its various satellite channels have exposed rural India to outside world and hence their outlook to life has changed.

### **3. OBJECTIVES**

- To study the present scenario of rural market in India.
- To identify the major opportunities available in the rural market.
- To study the major challenges faced by marketer in rural market.

### **4. RESEARCH METHODOLOGY**

This paper is based on secondary data. Data have been grabbed out by goggling in different websites and research papers.

### **5. ROLE OF RURAL MARKETING IN INDIAN ECONOMY**

Majority of the villages are well connected to the urban areas. With the advent of various technologies, the communication is fast and rural consumers get to know about the various products and brands in the way well understood by them. Everything from FMCG, consumer durables, insurance, telecom etc all industries have an easy reach to the rural markets. Even the companies are well targeting the rural markets as the increasing competition in the urban markets is making these markets stagnant. The rural markets are giving the companies a good share in the market. Even the rural consumers are well adapting to the modern way of living. The increasing level of education among the rural people makes it easy for the marketers to pass on their message across the rural markets. The Indian consumer base is highly supported by the rural population (about 70 per cent of the country's population), which drives revenues for many major conglomerates operating in diverse markets in India.

The rural land in India consist of about 650,000 villages. These villages are inhabited by about 850 million consumers making up for about 70 per cent of population and contributing around half of the country's Gross Domestic Product (GDP). Consumption patterns in these rural areas are gradually changing to increasingly resemble the consumption patterns of urban areas. Some of India's largest consumer companies serve one-third of their consumers from rural India. Owing to a favourable changing consumption trend as well as the potential size of the market, rural India provides a large and attractive investment opportunity for private companies.

Some of the important features or characteristics of Rural Marketing in Indian Economy are being listed below:

- With the initiation of various rural development programmes there have been an upsurge of employment opportunities for the rural poor. One of the biggest cause behind the steady growth of rural market is that it is not exploited and also yet to be explored.
- The rural market in India is vast and scattered and offers a plethora of opportunities in comparison to the urban sector. It covers the maximum population and regions and thereby, the maximum number of consumers.
- The social status of the rural regions is precarious as the income level and literacy is extremely low along with the range of traditional values and superstitious beliefs that have always been a major impediment in the progression of this sector.
- The steps taken by the Government of India to initiate proper irrigation, infrastructural developments, prevention of flood, grants for fertilizers, and various schemes to cut down the poverty line have improved the condition of the rural masses.

## **6. NEED OF RURAL MARKETING**

The need for and growth of rural industries has become essential in a country like India because of the following reasons:

- Rural industries generate large-scale employment opportunities in the rural sector as most of the rural industries are labour intensive.
- Rural industries are capable of checking rural urban migration by developing more and more rural industries.

- Rural industries/entrepreneurship help to improve the per capita income of rural people there by reduces in gaps in income of rural and urban people.
- Rural entrepreneurship controls concentration of industry in cities and thereby promotes balanced regional growth in the economy.
- Rural entrepreneurship facilitates the development of roads, street lighting, drinking water etc. in the rural sector due to their accessibility to the main market.
- Rural entrepreneurship can reduce poverty, growth of slums, pollution in cities and ignorance.
- Rural entrepreneurship creates an avenue for rural educated youth for their career

## 7. PROBLEMS & CHALLENGES OF RURAL MARKETS

There are a large number of small villages which are not easily accessible because of all weather roads. Rural consumers are far less homogeneous than urban consumers. Similarly the rural market is facing various challenges in India, which are as follow:

- Low per capita Income:** Per capita income is lower in rural areas compared to those in urban areas. The distribution of per capita income is highly skewed.
- Seasonal Marketing:** The main problem of rural marketing is seasonal demand in rural areas, because 75 percent of rural income is also seasonal. Rural demand basically depends on rural people and demand depends income and consumer behavior.
- Warehousing:** In the rural areas, there are no facilities for public as well as private warehousing. Marketers face problem of storage of their goods.
- Media Problems:** Media have lots of problems in rural areas. Television is a good medium to communicate message to the rural people. But due to non-availability of power, as well as television sets, majority of the rural population cannot get the benefits of various media.
- Barter System:** This system is practiced in the developing country like India, even today the barter system i.e., exchange of goods for goods exists. This is a major obstacle in the way of development of rural marketing.

- f) **Miscellaneous factor:** Natural calamities and Market conditions. Pests and diseases, Drought or too much rains, Primitive methods of cultivation, lack of proper storage facilities which exposes grain to rain and rats, Grading, Transport, Market Intelligence Long chain of middlemen wholesalers and retailers, Fundamental practices.
- g) **Lack of poor communication facility:** Nearly 50 percent of the villages in the country do not have all weather roads. Physical communication to these villages is highly expensive. Even today, most villages in eastern part of the country are inaccessible during monsoon season.

## 8. CONCLUSION

Rural marketing is a developing concept, and as a part of any economy has untapped potential; marketers have realized the opportunity recently. Improvement in infrastructure and reach promise a bright future for those intending to go rural. Any macro-level strategy for these markets should focus on availability, accessibility and affordability. Government should come up with more initiatives for the development of rural economy. More products which are rural oriented must be incorporated for growth and overall development of economy.

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