

## **OPPORTUNITIES AND PROBLEMS OF RURAL MARKETING IN INDIA**

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### **ABSTRACT**

This paper is attempted to study the opportunities and problems of rural market. Rural markets are defined as those segments which are different from other types of market like stock market, commodity markets or labor economies. Nowadays urban markets are crowded and saturated, share of agriculture in GDP is decreasing but India still lives in villages there is massive potential for business in rural markets. Hence this topic is chosen with special reference to Indian rural market. Market scenario of rural India is changing its face very rapidly. As there is increase in literacy rate and disposable income of rural consumers so they have become brand conscious. This segment consumes large variety of products, both durable and non durable and they are willing to pay high prices for the products.

**KEYWORDS:** Village, Rural Market, Issues, Prospects, Opportunities

### **INTRODUCTION**

In recent times , rural market have acquired lot of importance as the overall growth of the economy has resulted in considerable increase in the purchasing power of the rural market Typically, a rural market will represent a community in a rural area with a population of 2500 to 30000. Because of green revolution the rural areas are consuming a large portion of industrial and urban manufactured products. In this reference the concept of rural marketing emerged, to satisfy the needs of rural consumers.. The main idea of this study is to identify the potential of Indian Rural Markets and to find out various issues faced by them.

### **DEFINING RURAL MARKETING**

Rural marketing is a process of developing, pricing, promoting, and distributing rural specific goods and services leading to desired exchange with rural customers to satisfy their needs and wants, and also to achieve organizational objectives.

- Several Rural NGOs defined rural marketing as Marketing products produced in rural area to ur ban areas. Or Marketing Products produced in rural areas in rural markets.

### **DEMOGRAPHIC DETAILS OF INDIAN RURAL MARKETS**

- About 285 million live in urban India whereas 742 million reside in rural areas, constituting 72% of India's population resides in its 6, 27,000 villages.
- The number of middle income and high income households in rural Indian is expected to grow from 46 million to 59 million.
- Size of rural market is estimated to be 42 million households and rural market has been growing at five times the

pace of the urban market.

- More government rural development initiatives.
- Low literacy rate
- Increasing agricultural productivity leading to growth of rural disposable income.
- Lowering of difference between taste of urban and rural customers.

## **CHARACTERISTICS OF RURAL MARKETING**

Important Characteristics of rural marketing are:

- Our country has taken various initiatives for rural development and due to which there has been growth on employment opportunities for rural people. Major reason for its growth is that rural market till date has been unexploited.
- Rural India is huge and widely distributed and hence offers great opportunities. It is rightly said that real India resides in rural areas as it has maximum no of people.
- Social status of rural India is unstable as income and literacy is low and lot of superstitious beliefs still prevails in this sector.
- Various steps have been taken by Government of India to initiate proper irrigation, infrastructural development; methods for prevention of floods, money for good quality fertilizers and various schemes to cut down the poverty line have improved the condition of rural masses.

## **SIGNIFICANCE OF RURAL MARKETING**

Rural market is gaining importance as urban market is getting saturated. In recent years, rural markets have acquired significance in countries like China and India, as the overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities. On account of the Green Revolution in India, the rural areas are consuming a large quantity of industrial and urban manufactured products. Now a daze a different marketing strategy has come up by the name of rural marketing. These days brands rarely fight for market share as far as rural market is concerned, they just have to be visible at the right place. Even expensive brands, such as Close-Up, Marie biscuits and Clinic shampoo are doing well because of deep distribution, many brands are doing well without much advertising support—2/3 of Indian Consumers live in rural areas and almost half of the national income is generated from there. The reasons for heading into the rural areas are fairly clear. As per Venugopal Dhoot, Chairman of the Rs 989 crore Videocon Appliances “The rural market is zooming ahead at around 25 per cent annually” which clearly explains the potential of rural market.

## **UNDERSTANDING THE POTENTIAL OF RURAL MARKET**

There is great potential in rural market because of the following factors:

- **Large Population:** As per census 2001, 742 million Indians residing in 138 million households live in 6, 38, 365 villages .the figures give a clear idea about the potential of rural market.

- **Growth in Market:** The market has been growing consistently at 3-4% per annum which means that it adds more than one million new consumers every year. Rural consumer is brand loyal and recognizes symbols better.
- **Impact of Globalization:** Globalization has same impact on rural India as it has on urban India but the impact will be slow. Its target group will consist of farmers, youth and women
- **Increasing Income and Purchasing Power:** Various agricultural development programs initiated by the government have helped to increase the income in agricultural sector and hence which in turn has created greater purchasing power in rural market.
- **Accessibility OF Market:** Rural market is now very well connected by roads and hence making it accessible which increases its attraction.
- **Consumer Behavior Changes:** Improved literacy has created greater awareness and hence new demands and discriminating buyers. There is a noticeable increase in the demand and consumption of various products in rural market.
- **Competition in urban markets:** Severe competition in urban market has made the competition there more intense and hence increase in cost, which has led to increase in attractiveness of rural market

### **REASONS FOR IMPROVEMENT OF BUSINESS IN RURAL AREA**

- Socio-economic changes (lifestyle, habits and tastes, economic status)
- Literacy level (25% before independence – more than 65% in 2001)
- Infrastructure facilities (roads, electricity, media)
- Increase in income
- Increase in expectations

### **PROBLEMS OF RURAL MARKETS**

The development of appropriate communication systems to rural market may cost up to six times as much as reaching an urban market through established media, need rural communication facilities.

- The problems of physical distribution and channel management adversely affect the service as well as the cost aspect.
- Rural consumers are cautious in buying and decisions are slow and delayed. They like to give a trial and only after being personally satisfied, do they buy the product.
- Culture, sub culture immensely affects the buying behavior of the consumer. There are various customer groups based on various demographic parameters, and these factors have huge impact on the thinking, perception and decision making of customers.
- Rural Marketing requires more aggressive personal selling than urban markets. Marketers have to understand the rural people with different perspective than urban market. To establish a brand in rural market, a brand must relate itself with things rural people do.

- Life in rural areas is still governed by customs and traditions and people do not easily adapt new practices. For example, even rich and educated class of farmers does not wear jeans or branded shoes.
- An effective distribution system in rural areas requires village-level shopkeeper, preferred dealer, distributor at district level. There is lot of levels for distribution commodities in rural market. and the presence of too many levels in distribution system increases the cost of distribution
- Television has made a great impact and large audience has been exposed to this medium. Radio reaches large population in rural areas at a relatively low cost. Still the reach of formal media in every household of rural market is very low hence the marketers have to undertake various promotional activities to spread awareness about their product
- Many areas in rural India are not connected by train and in monsoon season it becomes very difficult for comes to make their products available to consumers because of wet roads.
- As there are not many opportunities for education in rural areas hence literacy levels are low which makes spreading awareness all the tougher.
- Demand of products in rural areas depend on agriculture situation as agriculture is the main source of income, if the crop yield is good then income is good and hence demand increases but if crop yield is low, then income will be low and then demand will also be low.

## CONCLUSIONS

As there are not many opportunities for education in rural areas hence literacy levels are low which makes spreading awareness all the tougher. Demand of products in rural areas depend on agriculture situation as agriculture is the main source of income, if the crop yield is good then income is good and hence demand increases but if crop yield is low, then income will be low and then demand will also be low

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