

## **An examination of the possibilities and issues in the rural market**

**HIMANSHU KARGETI**

Associate Professor, School of Management Studies, Graphic Era Hill University, Dehradun Uttarakhand  
India 248002, hkargeti@gehu.ac.in

### **Abstract**

Because of its scope and large customer base, the Indian rural sector presents both domestic and international advertisers with numerous chances. Agriculture and the rural market are also, directly and indirectly, important to the Indian economy. Due to the overall expansion of the Indian economy and the consequent rise in the buying power of rural Indian households, rural marketplaces in India have recently assumed a significant role. The green movement and better infrastructure for rural residents are further reasons why a significant portion of industrialized and manufactured products are being consumed in rural areas. Marketing strategy has become a unique marketing method in this situation (Verma, 2013)

**Keywords:** Rural sector; India, Indian economy; buying power

### **I. Introduction**

The rural population is thriving, and the rural customer is sensitive. It will soon surpass the urban sector if growth continues at the current rate. Consumers in rural areas are no longer dozing off. As an agriculturally oriented country, India's villages could be considered its beating heart. Due to its size and substantial clientele, the Indian rural market presents both domestic and international marketers with numerous chances(Manav, 2015).

Agriculture and the rural market are also both directly and indirectly important to the Indian economy. Contemporary finish half of the country's revenue is produced in rural areas.

India's rural areas, where 41% of the nation's middle class households are located, generate 58% of the nation's discretionary income(Dash, 2015).

With 6, 38,369 villages distributed across 33 lakh square kilometers, roughly 75% of 's populace, or 12.3% of the world's population, dwells. According to the census survey, the rural sector has

13.5 billion households, or 72% of all households in India, with 48 billion adult individuals. Of that kind of rural population, roughly 90% are located in villages with a population under 2000(Das, 2015). Therefore, it can be said that the rural market is thriving because there is a previously untapped market segment there that has buying power but is unaware of the benefits and availability of products. But marketers can concentrate on informing consumers of these facts(Thakur, 2015).

Because of the general expansion of the Indian economy and the subsequent increase in the money supply of rural Indian households, rural marketplaces in India have recently assumed a significant role. The green revolution and better facilities for rural residents are further reasons why a significant portion of industrial and manufactured goods are being consumed in rural areas. Rural marketing has become a unique marketing method in this situation. A recent poll, the majority of SUV vehicles and other electronic devices are sold in Haryana, which is heavily dependent on agriculture(Pani & Sharma, 2014). At the moment, farmers may earn more money by producing more, which they can then use to meet their requirements, wants, and expectations.

All districts and commercial townships in India are linked to the rural market, with the exception of a few major cities. Marketing strategy has always played a significant role in 's relationships in India. India's rural market contributes more to national income. In this nation, the majority of clients live in rural areas. About more than half of India's national GDP is generated by the rural market. In this essay, we attempt to highlight the challenges that the rural market faces while also highlighting some of the potential that exist there for marketers as opposed to the urban market.

The markets for consumer products, which include both durable and quasi goods, and the markets for farm production, which include fertilizers, insecticides, seeds, and other items, can be divided into two broad groups in the Indian economy (Bedia & Gupta, 2013).

Those who believe rural marketing just refers to agriculture marketing frequently report confusion about the idea of rural marketing in the country. Rural marketing, on the opposite hand, governs the distribution of products produced by non-agricultural employees from rural to urban areas as well as the conducting out of economic activities in the form of items from metropolitan sectors to rural areas across the country(Pani & Sharma, 2014).

In a subsistence nation like India, where roughly 40% of the population lives in villages, the notion of rural tourism must be evolved in nature business entities must think about how to incorporate rural areas into their business model to produce win-win solutions providing a higher standard of living and boosting the quality of life in an effective manner would be the future position of rural tourism in the 21st century(Balakrishnan & Bapna, 2015).

It's crucial to realize that marketing strategy is just like urban advertising. The world of rural marketing is very different from how marketing is organized and carried out in cities.

The success of ITC's e-choupal, HLL's Project Shakti, Colgate's Project Jagruti, Escort's Rajdoot motorbike, etc. was due to the organization of their rural marketing, which was separate from their urban marketing in terms of careful planning and organized operation. Marketers need to make it apparent that consumers in rural and urban areas are different from one another.

Rural markets have become more important in recent years as a result of the overall expansion of the economy and the significant rise in the purchasing power of rural communities. The remote regions are utilizing a significant amount of industrial and urban made projects due to green evolution and innovation(Kumari et al., 2014).

Rural marketing is frequently mistaken for agri-business, which refers to the sale of rural-produced goods to urban or industrial customers, as opposed to the delivery of manufactured or processing inputs or products to agricultural farmers or consumers. Since rural customers' needs are difficult for marketers to foresee and because their buying decisions are influenced by nature, a brand's performance in the country Indian market is as uncertain as the weather (rain and others factors).

Manmohan Singh, the prime minister, described his goals for rural India: "A modern agricultural, industrial, and assistance economy co - existing side by side in rural India is how I picture it. Individuals may reside in villages that are well-equipped and travel to work, whether it be on a farm or in the informal economy, with ease.

The latest advances in science and technology have a lot they can accomplish to realize this ideal. Incomes in rural areas must be raised. Infrastructure in rural areas must be improved.

The needs for rural health and education must be met. In remote areas, job opportunities must be provided." By examining the economic developments in villages, marketing experts came up with the phrase "Go Rural."

Learning about the prospects in India's rural markets is one of the paper's main objectives.

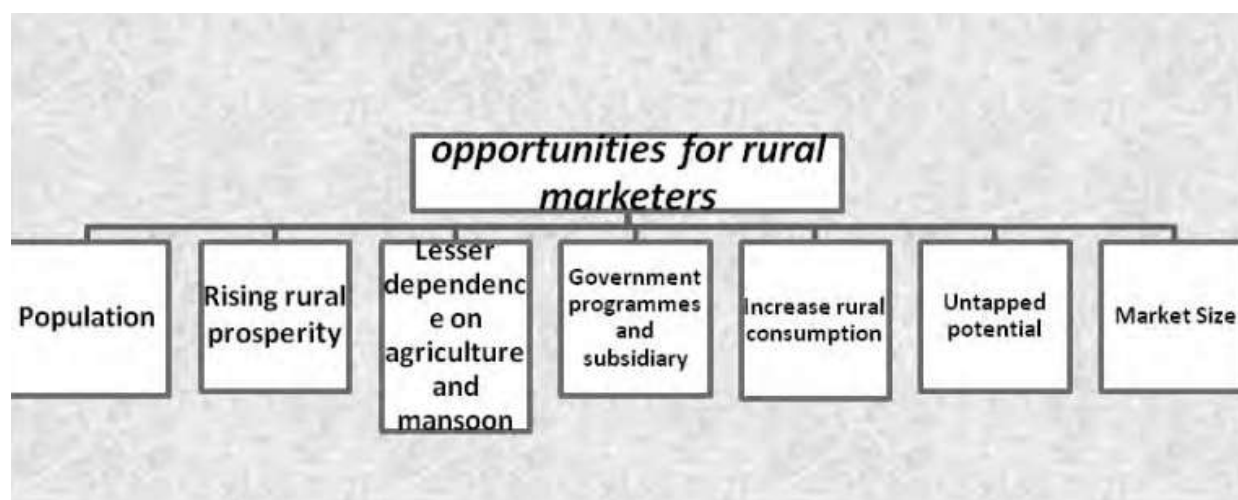
- To determine the issues that India's rural marketers are facing.
- To contrast the rural and urban markets.
- To determine the effect of the rural sector on the idea of globalization

## II. Research Methodology

In this research, researchers used secondary data that was mostly gathered from books, journals, newspapers, and online databases. We employed both descriptive and analytical methodologies. Yet for the healthy development of India's rural market, analytical foundations are mostly used in the analysis of information, issues, solutions, and proposals.

## III. Chances for the rural market include

Just after green revaluation, there were numerous chances in the rural market since rural consumers' purchasing power had improved as a result. In addition, there were many other aspects that rural marketers could take advantage of, including the following: -



Population: The ratio of rural to urban dwellers is over three to one. In addition to 100% of farm inputs products like seeds, fertilizer, pesticides, and farm machinery, rural consumers have

therefore become the main target audience for sturdy and non-durable products, food products, building, electrical, electronics, motorcars, banks, insurance firms, and other sectors.

Now, the rural market only makes up roughly 10% of the 130-billion-rupee advertising industry, or 7.69% of the total share. So, it is evident that a long road lies ahead. Despite the enormous untapped potential of the rural market, advertisers and businesses choose to compete for a piece of the already-distributed urban pie.

Population in year	Urban	Rural
2001-2002 (mn household)	53	135
2011-2013 (mn household)	71	156
Market(Town/Village)	3,768	6,27,000

Source:-Statistical outline of India, NCAER

**Increasing rural prosperity:** The government currently invests thousands of rupees in rural areas to improve the quality of life for rural residents. As a result of several government programmes, the purchasing power of rural consumers is rising quickly. With the aid of various scientific techniques, there are many programmes enabling rural residents to earn a living in their home communities without moving to other places. As a result, they are less dependent on the monsoons and other natural agricultural processes.

Rural Haryana had much more extremely wealthy residents than both urban and rural Haryana combined, as well as more crorepati residences in Bangalore and Hyderabad.

**Reduced reliance on agriculture and the monsoon:** Marketers used to forecast demand in remote regions based on the monsoon, but this pattern has altered over time. At the moment, the majority of rural income comes from non-farming industries. Government programmes teach a variety of skills to many farmers so they can earn money in addition to farming.

**Government initiatives and subsidiaries:** - The government offers a variety of programmes to improve the rural market. Government at different levels has also assisted in boosting the sales of agricultural goods outside the boundaries of the local setting that provides those goods at high rates.

**Unrealized talent:** The rural market currently provides excellent opportunities for a variety of brand products and services. Because population in rural areas is almost three times that of metropolitan areas, thus the big number of customers and strong purchasing power improve the opportunities for various businesses, but since the majority of businesses do not concentrate there, there may be unrealized potential.

**Boost rural consumption:** According to a 2010 NCAER analysis, sales of FMCGs originate in rural areas, where rural consumption is higher than urban consumption. With a total market size of Rs. 1,65,000 crore, the anticipated annual size of the rural FMCG market is Rs. 80,000 crore.

Punjab, one of the seven states with high levels of consumption, is in the lead. Its primary source of income is agriculture, and rural incomes and purchasing power have dramatically increased. Crop yields have dramatically increased as a result of several successful good monsoons. The increased rural purchasing power is also a result of the tax exemption on rural income.

**Industry Size:** In India, rural areas make up more than 65–70% of the total area. That might provide Indian businesses a fantastic chance. According to estimates, 12.2% of the worldwide people lives in rural India, which is the size of the country's rural market. Over 72% of Indian households are rural farmers, which represents a sizable market.

As such, we may conclude that rural areas represent a significant market for businesses, and as a result, all businesses concentrate there.

- Other factors that draw businesses to rural areas or provide opportunities there include: Wealthy folks seek to rural locations for the tranquil lifestyle. Affluent homes are being built on agricultural land, which is causing a huge expansion of the rural market.
- Rural lifestyle has altered as a result of liberal financial aid from national as well as global financial organizations and agencies.
- The substantial change in the way rural people lived as a result of social changes increased the market potential for autos, durable goods, and cosmetics.
- A sharp rise in demand brought on by an increase in local dwellers. Government continuously offers various incentives and schemes influx of investment in rural

development programming therefore it also assists to rural growth. At now, rural population accounts for about 85 Crores of total Indian population.

- Many villagers are now prospective customers for FMCG companies thanks to profitable farming and ever improving marketing strategies.
- The existence of transportation and telecommunications infrastructure in rural areas is another important driver of the rise in the rural economy.
- Increased purchasing capacity of rural residents as a result of rural residents' migration to metropolitan areas and major cities.
- The establishment of academic and training institutions in rural areas, as well as rising literacy and education levels among rural residents, have sped up the expansion of the rural market.
- The active entry of large corporate units, such as Reliance, the Fresh Tata Group, etc. into the rural market, which has altered the income and way of life of rural residents.
- The improvement and expansion of rural residents' political influence can have a considerable positive impact on rural development.
- Increasing corporate business interests in rural areas resulted in rapid rural development, which in turn fueled the expansion of the rural market. Access to electricity, schooling, health (hospitals), entertainment, and other amenities all contribute to regional development. Business tycoons like Tata, the Aditya Birla group, and the Reliance group are giving generously to enhance facilities in rural areas.
- difficulties in remote locations
- Similar to how every coin has two sides, rural marketing provides both opportunities and challenges that marketers who establish their businesses there may encounter. Some of the primary issues covered here include the following:

**Differentiated market:** The rural market is not uniform across the nation. There is a great deal of heterogeneity as a result of differences in the amount of exposure to metropolitan centers and the level of development in a region. The degree to which consumers are open to innovation also differs dramatically from rural to rural. Rural India may have as many as 20,000 different ethnic groups, which presents significant problems to the marketer. It is exceedingly challenging to

create consistent promotional messaging because there are 24 dialects and 1,642 dialects, with dialect variations occurring around every 100 kilometers.

Consumers' propensity to adopt innovations and new goods varies depending on economic growth and socio-cultural backdrop in different fields.

**Large and dispersed market:** The rural Indian market is huge and dispersed in comparison to the urban market, which is centered in about 3200 cities and has over 63 Crores customers from 6, 38,365 villages. It is challenging to reach a large and dispersed market in both distribution and promotion efforts. The majority of the communities are very small, with populations under 1000.

Villages with a populace of more than 5000 people are quite rare. Selecting target markets and providing them with efficient service are difficult challenges.

**Getting around:** "Attempting to reach your products to outlying areas distributed over 6,000 000 communities is difficult due to inadequate roads, telecommunications, and other infrastructure. A few barriers that prevent marketers from reaching the rural market are the lower level of literacy." Pradeep Kashyap, chief executive of MART, says.





Any sort of business has transportation at its core. The majority of settlements lack adequate access to key roadways. Each year during the monsoon, thousands of communities lose power for a longer period of time. The absence of reliable transportation limits marketing efforts. Both agriculturally based items and industrial goods cannot be delivered to rural populations in a timely and safe manner.

Physical media issues and channel management issues have a negative impact on both the service and the cost. Reaching out to the furthest locations and having a variety of vendors at the retailing end are two of rural marketing's biggest concerns.

**Minimal Understanding:** It is made evident by various studies and research that there are numerous numbers and data that exist for the same subject at the same time, making it sometimes difficult to decide which to accept. Even the fundamental estimations for the entire

market size of the FMCG markets provided by various research organizations vary greatly from one another(Vaswani, V., Aithal, R. K., & Pradhan, D. (2005, Oct). *Rural Marketing in the Development Paradigm. International Journal of Rural Management, 1(2), 245- 262.* - Google Search, 2015).

Poor living conditions are caused by the low buying power, low income, and low level of literacy of rural consumers. Yet, things are suddenly shifting, giving marketers better possibilities than ever. Poor poverty levels limit their purchasing power and comfort with adopting things(Gupta Dipankar (2009). “*Whither the Indian Village: Culture and Agriculture in ‘Rural’ India*”, *Economic and Political Weekly, February 2009, Pp. 751-758* - Google Search, 2015.).

**Insufficient marketing aid:** In general, producers and wholesalers do not offer rural retailers the same level of generous financing, financial support, and other services that they do to dealers in urban regions. The architecture of the overall marketing programme does not offer rural customers and retailers enough room.

The psychological makeup of the rural consumer presents additional barrier for marketers due to the various languages, customs, and taboos that vary from village to village(Prahalad C.K. and Allen Hammond, (2002), “*Serving the World’s Poor Profitably*”, *Harvard Business Review, September 2002* - Google Search, n.d.)

#### IV. Conclusion

The future is therefore highly bright for those who can comprehend the dynamics of rural sector and take full advantage of them. This is because rural markets present both problems and possibilities to marketers. To effectively influence the 230 million rural consumers dispersed over around 600,000 villages in rural India, marketers must drastically alter their attitudes regarding the thriving and expanding rural markets.

Although the rural market has tremendous potential, it differs from the urban market, therefore different marketing methods are needed. Marketers must overcome these differences if they are to succeed in the rural market.

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