

Confront and Opportunities of Indian Rural Market – A Critical View

¹Dr. Om Prakash Pathak, ²Dr. Bhuwan Gupta

¹Head Department of Management Studies, Institute of Engineering and Technology

²Associate Professor, Department of Management Studies, Modern Institute of Technology and Research Centre

Abstract: Rural advertising is a creating idea, and the advertisers have understood the chance of development in the market as of late. As everybody realize that Indian Rural Marketing is an exceptionally perplexing and one of a kind thing to be conjecture. Indian Rural markets are potential and up and coming business sector for the majority of the items and administrations on account of its tremendous size and request base. Country populace constitutes 128 million families, 41% of Indian Middle class and 58% of aggregate discretionary cash flow. Local markets have gained importance, as the general development of the economy has come about into substance unrest; the country territories are expending a huge amount of mechanical and urban fabricated items. There are different monetary layer found in the rustic market like small farmers, big landlords, marginal farmers. Demographic Variation at state level is likewise unmistakable. It has been watched that in country advertise numerous organizations have entered and substantiated themselves with legitimate comprehension of the market an inventive showcasing thought. It is extremely troublesome for the organizations to disregard the open doors they could from rural markets. In recent years, rural markets have acquired importance, as the overall growth of the economy has resulted into considerable increase in the purchasing power of the rural people and preferences of rural people are also getting changed. So, every marketing player is keen to invest in rural markets. Despite the fact that there is enormous potential and considerable development openings in the rural markets, yet there are a few difficulties as well, which caused jumps in tapping country markets. The present paper consists of the challenges that the companies have to face and opportunities that companies get in rural marketing.

Keywords: Rural marketing, Strategy, Challenges and Opportunities

I. Introduction

The Indian country advertises is a zone of murkiness to Indian corporate. The biggest potential market is rural market. With more than 70% of India's populace living in rustic zones, catches these business sectors and getting to be a standout amongst the most advantageous choices for all parts. The request and living example of Indian rustic inhabitants are extraordinary and shifts impressively. The cultural dimensions are also varies. These elements surely have an effect on the need and conduct of rural shoppers. With its huge size and far reaching cluster of purchasers, advertisers have been thinking that its hard to comprehend and infiltrate into country territories, and discovering challenges to comprehend the standards of go into the provincial market. Rural Markets particular from alternate kinds of business sectors like securities exchange, product markets or Labor fiscal sand urban market. The country advertise Has been characterized from different points of view.

II. Review of Literature

There are many studies accepted out in India in connection with rural marketing, which have revealed

a major delay of highly strung attitude of underrating a possible source like rural marketing. These studies have thrown light on the rural marketing pros and cons, and its scope in various manners. There are many studies carried out in India in relation with rural marketing, which have N Krishnamurthy (2007) (2016) research out that by using the regional language, it becomes much easier to increase the access in rural areas. R Singh and Kapil Bhagat (2004-05) explained that the corporate and rural India have entered into joint partnership through vertical coordination. Vivek Parikh (2001) pointed out that most of the rural marketers underestimate the verbal power magic of words to enter into the rural market, and again (2008) he added some another dimensions necessary for marketers.

III Rural marketing

Rural marketing' is similar to simply 'marketing.' Rural marketing differs only in terms of buyers. Here, target market consists of customers living in rural areas.

1. In more specific words: 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.

2. Rural marketing is a process of planning, and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchange (for rural segments) that satisfy individual and organizational objectives.

(Only the word ‘rural’ has been added to the definition adopted by the AMA. The word implies that marketing activities are undertaken in rural areas to satisfy rural segments.)

3. At last, we can say: Rural marketing is the marketing for the customers residing in rural areas. It involves designing marketing programme (4P’s) to arrive at desired exchange with the rural customers that satisfies their needs and wants

IV. Importance of “Rural India”

The hinterlands 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.

Market size

India’s per capita GDP in rural regions has grown at a Compound Annual Growth Rate (CAGR) of 6.2 per cent since 2000. The Fast Moving Consumer Goods (FMCG) sector in rural and semi-urban India is expected to cross US\$ 20 billion mark by 2018 and reach US\$ 100 billion by 2025.

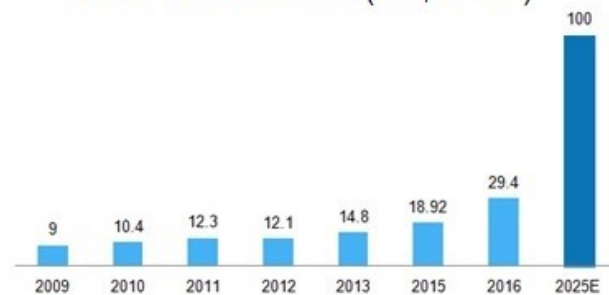
Rural Segment Quickly Catching Up

- The Fast Moving Consumer Goods (FMCG) sector in rural and semi-urban India is estimated to cross US\$ 100 billion by 2025

- The rural FMCG market is anticipated to expand at a CAGR of 17.41 per cent to US\$ 100 billion during 2009–25
- Rural FMCG market accounts for 40 per cent of the overall FMCG market in India, in revenue terms
- Amongst the leading retailers, Dabur generates over 40-45 per cent of its domestic revenue accounts for 45 per cent of its overall sales while other companies earn 30- 35 per cent of their revenues from rural areas

V. Recent Developments

Rural FMCG market (US\$ billion)



Source: AC Nielsen, TechSci Research, Dabur Reports
Note: E - Estimate

Following are some of the major investments and developments in the Indian rural sector

- India’s unemployment rate has declined to 4.8 per cent in February 2017 compared to 9.5 per cent in August 2016, as a result of the Government’s increased focus towards rural jobs and the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme.
- The Ministry of Rural Development is expecting to achieve its annual targeted length of 48,812 kilometers of rural roads by March 31, 2017 under the Pradhan Mantri Gram Sadak Yojana (PMGSY), which has reached a completion stage of 67.53 per cent (32,963 kms) as on January 27, 2017.
- The National Bank for Agriculture and Rural Development (NABARD) plans to provide around 200,000 point-of-sale (PoS) machines in 100,000 villages and distribute RuPay cards to over 34 million farmers across India, to enable farmers to undertake cashless transactions.

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- Magma Fincorp, a Kolkata-based non-banking finance company (NBFC) plans to expand its operations in South India, with specific focus on rural and semi-urban markets to help the company grow rapidly.
- Bharti Airtel is applying for a payments bank licence and has involved Kotak Mahindra Bank as a potential investor in the venture, in a bid to tap significant revenue opportunities from the Reserve Bank of India's financial inclusion initiative. Payments banks are meant to fan out into the rural, remote areas of the country, offering limited but critical services such as money transfers, loans and deposit collection. While banks have the knowhow, telecom companies have the network, making it an ideal match.
- The Allocation for Pradhan Mantri Awas Yojana-Gramin has been increased from Rs 15,000 crore (US\$ 2.25 billion) to Rs 23,000 crore (US\$ 3.45 billion) in the year 2017-18 with a target to complete 10 million houses for the houseless by the year 2019.
- The pace of roads construction under Pradhan Mantri Gram Sadak Yojana (PMGSY) has been accelerated to 133 kms per day as against an average of 73 kms per day during the years 2011-14.
 - The allocation to the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has been Rs 48,000 crore (US\$ 7.2 billion) in the year 2017-18, which is the highest ever allocated amount.
- The Government of India is looking to install Wi-Fi hotspots at more than 1,000 gram panchayats across India, under its ambitious project called Digital Village, in order to provide internet connectivity for mass use, as well as to enable delivery of services like health and education in far-flung areas.
- In the Union Budget 2017-18, the Government of India mentioned that it is on course to achieve 100 per cent village electrification by May 1, 2018.
- The Government of India has sought Parliament's approval for an additional expenditure of Rs 59,978.29 crore (US\$ 8.9 billion), which will be used to support the government's rural jobs scheme, building rural infrastructure, urban development and farm insurance.

VI Government Initiatives

The Government of India has planned various initiatives to provide and improve the infrastructure in rural areas which can have a multiplier effect in increasing movements of goods, services and thereby improve earnings potential of rural areas subsequently improving consumption.

- The Government of India has approved the proposal to construct 10 million houses for the rural population, which will require an investment outlay of Rs 81,975 crore (US\$ 12.7 billion) for the period from 2016-17 to 2018-19.
- The Government of India aims to provide tap water regularly to every household by 2030 in line with United Nations Sustainable Development Goals, requiring a funding of Rs 23,000 crore (US\$ 3.57 billion) each year until the target is met.
- The Government has introduced various reforms in the Union Budget 2017-18 to uplift the rural markets. Some of the key highlights of the Budget are:
 - Rs 187,223 crore (US\$ 28.08 billion) has been allocated towards rural, agriculture and allied sectors.

VII. Rural Marketing Strategies

Rural markets offer great scope for concentrated marketing effort because of the recent increase in the rural per capita incomes and the likelihood that incomes will increase faster because of better production and higher prices for agricultural products.

The rural market has drastically changed in the past one decade. A decade ago, the rural market was more unstructured target location for corporate. Illiteracy

and lack of technology were the other factors leading to the poor reach of products and lower level of awareness amongst rural peoples.

Strategies that may be helpful in improving marketing in rural areas are listed below

- A. Product Strategies
- B. Pricing Strategies
- C. Distribution Strategies
- D. Promotion Strategies
- E. Marketing Strategies
- F. Sales Strategies

VIII. Challenges In Rural Marketing

A number of corporate units have been trying to get grip on the rural market in a variety of ways. There is no doubt that rural market reveals opportunities and great attraction to marketers. But, it not as easy as it seems on surface. It is not so simple to enter and succeed in this market in a smooth way. This market poses a variety of challenges, and, therefore, the marketer has to work hard to tackle these challenges tactfully. A company planning to enter and/or expand rural market must consider these problems seriously.

Some of genuine challenges associated with rural market include:

1. Wide and Scattered Market:

Wide and scattered market is difficult to reach in both the aspects – promotion and distribution. Rural India is spread in the entire county in around 6 lakhs villages of different sizes while urban population is concentrated in around 3200 cities. Most of villages are extremely small with population less than 500 people. Only one percent (6300) villages have a population of more than 5000. It is challenging tasks to choose target markets and to serve them effectively.

2. Problem of Designing Products:

Products sold successfully in urban markets, may not necessarily be successful in the rural markets due to

difference in utility value of the products. Mind-set of rural segments seems quite astonishing and different. Existence of considerable heterogeneity among rural folks poses challenges for marketers to incorporate their uneven expectations in the products.

3. Transportation Bottleneck:

Transportation is the nerve centre for any type of business. Most of villages are not properly connected with main roads. Every year during monsoon thousands of villages are disconnected for a longer time. Lack of proper transportation hinders marketing activities. Agro-based products cannot be sent to marketing centers, and industrial products cannot be supplied to rural population safely in time. In certain areas, even construction of road or railway is difficult to construct and maintain.

4. Seasonal and Irregular Demand:

Rural demand is characterized as seasonal and irregular. So, companies cannot concentrate on rural segments as it is difficult to plan. In the same way, demand depends on income of rural customers, and income is quite uncertain because they depend on agriculture, and agriculture depends on monsoon.

5. Uncertain and Unpredictable Market:

Market response is difficult to scale. They don't have stable and predicted behaviour. In such a situation, the effective marketing strategies do not make a sense. Rapid changes are difficult to incorporate and, hence, there are more chances to suffer. Overwhelming response of rural population to some products experiences sudden fall. Market planning remains ever challenging in rural segments.

6. Low Living Standards:

Rural customers have low income, low purchasing power, low literacy rate, and, therefore, low standard of living. But, picture is now changing and marketers can have better opportunities than ever. Low standard of living restricts their buying ability and pace of adopting products.

7. Lethargic Life Style:

Lack of desire for a new life style is most critical issue for a marketer. They cannot be easily convinced

to try, use and adopt certain products with better qualities and innovative features. Product modification does not create desirable and positive effects on rural folks. Customs, established beliefs, superstitions, etc., restrict their behaviour. Unfortunately, their opinion leaders lack scientific approach. Innovative and superior products are difficult to be introduced successfully in rural areas.

8. Language Problem:

Language is a main constraint in communication strategies. Multiplicity of languages spoken in rural areas makes marketing activities difficult. Languages differ from state to state, and area to area in the same state. While designing advertising, personal selling, and publicity strategies, marketers cannot fulfill linguistic expectation of all rural people. Promotion programme always lacks versatility.

9. Urban Marketers v/s Rural Customers:

The executives in companies cannot understand the consumer psychology of rural markets. Lack of awareness and understanding about consumer behaviour in rural markets create problems in formulating marketing strategies. Rural and urban customers significantly differ in terms of habits, tastes, uses, preferences, and other such aspects. So, any attempt to satisfy rural customers with urban mind (marketing executives born and brought-up in urban climate) results into vain endeavor.

10. Backwardness:

Rural customers are economically backward. More than 30 per cent of the rural masses live below the poverty line. Poverty confines them to spend even for basic necessities. Backwardness also affects their mentality to change. Their poor purchasing power and rigidity are main constraints for marketers to serve them.

11. High Inventory Costs:

Since rural demand is limited and uncertain, an effective inventory management is difficult. Besides, the retailers serving in rural areas don't have adequate knowledge and aptitude to decide optimum inventory. Unnecessary stocks cut their profit margin, and they lose customers in case of inadequate stocks.

12. Inadequate Marketing Support:

Normally, producers and wholesalers do not extend full support to rural retailers in terms of liberal credit, financial assistance, and other facilities that they offer to traders of urban areas. In same way, rural customers and retailers are not given adequate space in designing overall marketing programme.

IX. Opportunities On Rural Marketing

- Speedy improvement in Infrastructure attracts companies to shift focus from urban to rural market
- 40% villages are connected by road in 50 years only, and 30% in next 10 years.
- Even more than 90 % villages are electrified but still only 44% rural homes have electric connections.
- Rural Literacy level have been increased from 36% to 59% Low dissemination rates in rural areas leads to get many marketing opportunities.
- Percentage of BPL families declined from 46% to 25%.

X. Conclusion

In this manner, taking a gander at the difficulties and the openings, which country markets offer to the advertisers and the producers, one might say that what's to come is extremely encouraging for the individuals who can comprehend the progression of provincial markets and make utilization of them further bolstering their best good fortune. A radical change in states of mind of advertisers towards the happy and maturing rustic markets is called for, so they can effectively urge the 750 million provincial buyers spread over around six hundred thousand towns in country India. Development of Rural market is demonstrating various open doors for organizations than urban market is appearing. Larger part of Indian populace lives in towns, so country India is presently on the primary focal point of different organizations to offer their items and administrations. Aside from circumstances, there are some predominant difficulties additionally as examined in this paper which incorporates Uncertain and Unpredictable Market, Language Problem, Seasonal and Irregular

Demand Transportation Problems, Inadequate marketing support warehousing, and so on however with the assistance of very much characterized promoting techniques with remarkable business morals, organizations can vanquish the provincial market.

[15] (<http://www.yourarticlelibrary.com/marketing/rural-marketing/problems-and-challenges-of-rural-marketing/48728>)

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