

Growth Drivers in Transformation of Rural Market

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ABSTRACT

The Excellent performance in infrastructure development, education and health care, public distribution of foods and commodities, and exports over the recent past in India has drawn the global attraction. The changing economic scenario of the country has created great potentialities for rural market in India and offer bright prospectus and attractions for multiple companies. More than three-fourth of country's consumer resides in rural areas and more than half of the national income is generated by them. All the major industries in India are tilting towards rural India because of opportunities and has been impressive growth in the recent years. This paper "Growth Drivers in Transformation of Rural Market" is outcome of consideration associated with various growth dimensions.

KEY WORDS:Rural Marketing, Rural Market Transformation, Rural Marketing Strategies.

I. INTRODUCTION

Rural market is an integral part of global market. The rural markets are growing at above two times faster pace than urban markets. The marketers in recent years are facing an extremely difficult and challenging to cater to the needs of rural sector, which is now almost impossible to ignore because of its rising income, population growth rate and government thrust on primary sector growth in five years plans. In this article, brief discussions have been made on the current scenario of rural marketing in India covering various opportunities and challenges and its importance in the growing economy. It covers the different growth drivers of rural market transformation and its contribution towards economy.

In recent years, rural markets have acquired significance in countries like China and India, as the overall growth of the economy has resulted in substantial increase in the purchasing

power of the rural consumers. On account of the green revolution in India, the rural areas are consuming a large quantity of industrial and urban manufactured products. In this context, a special marketing strategy, namely, rural marketing has taken shape. Rural India, mostly termed as "high opportunity" market, is no longer just an opportunity, but now gaining momentum. The concept of Rural Marketing in Indian Economy has always played an influential role in the lives of people. In India, leaving out a few metropolitan cities, all the districts and industrial townships are interdependent with rural markets.

According to Census of India 2011, "Revenue villages with clear surveyed boundaries; where the density of population is not more than 400 people per sq. meter, with at least 75% of the male population engaged in agricultural and allied activities and which does not have a municipal corporation and board". According to Insurance Regulatory Development Authority (IRDA) rural is viewed as, "A villages with a population of less than 5,000, with 75% of male population engaged in agricultural activities".

II. REVIEW OF LITERATURE

According to Kotler (1997) marketing as a social and managerial process by which individual and groups obtain what they need and want through creating, offering and exchanging products of value with others. The companies make their strategy to create logical steps to reach the consumers through workable events. To achieve desired objectives, they make research and find out means and ways reach consumers keeping their interest in view.

In the words of Beshouri (2006), "the size of the rural Indian market is estimated to reach US\$577 billion in twenty years, which is larger than the total consumer markets in countries such as South Korea or Canada, and is almost four times the size of the urban Indian market today. This means that businesses can no longer ignore rural

markets and “going rural” is not just an option but a business necessity for businesses operating in India”.

According to Beinhocker, Farrell & Zainubhai (2007), “In terms of prosperity, extremely rural poverty is projected to drop to 26% by 2025, a massive decline of 68% from 1985 levels”.

According to Craig & Douglas (2011), “However, the actual potential of rural economy exceeds the official estimates, since there is substantial bartering and a sizeable informal economy, which does not appear in official statistics. Consequently, the low figures for per capita income underestimate the actual standard of living as well as the ability to purchase non-food items”.

Sathyarayanan (2011) in a study “Trends in the Marketing of Fast-Moving Consumer Goods (FMCGs) in Karnataka State” concluded considerable gap in between urban and rural market with respect to FMCGs. The urban markets provided by the line of companies than that rural market. With the saturation of market now thrust being shifted from urban to rural areas. He further indicates that the marketers should have requisite thrust to penetrate rural markets which is not viewed as profitable population. The study also suggested the focus on resources on marketing in Karnataka state is a regulating factor. The characteristic like demographic, buying behaviour, price sensitive, preference of retailers and the role of retailers are found to be effective in rural marketing in the state of Karnataka.

In the words of Manwani (2012), “By 2025, the Indian rural market is expected to grow more than tenfold, to become a US\$ 100 billion opportunity for retail spending”.

III. OBJECTIVES

1. To understand the concept of rural marketing.
2. To study the growth drivers of rural market transformation in India.
3. To offer a basic strategy for the marketer to look at Indian rural market.

IV. METHODOLOGY

The analysis performed and the conclusions drawn in this paper are primarily based on the collection of secondary data. The approach undertaken involved collection of secondary data from various sources of publications, including magazines, books, journals, research articles, the internet and published records of Government of India.

V. NEED FOR THE STUDY

Earlier, the general impression was that the rural markets have potential for agricultural inputs but now the situation has changed. There is a growing market for consumer goods in rural sector. Now many marketers are enthusiastic to enter into rural market. Marketers are looking for opportunities and exploiting them to their best advantage. For this, marketers need to understand the dynamics and the growth drivers of rural market. The basic fact is that rural consumer differs from their urban counterpart on a large number of important attributes, so their buying behaviour is different and that has got important implications for the markets. There has been increasing thrust about how to develop a marketing framework for exploiting marketing opportunities in widely scattered Indian rural market. It needs to understand the rural culture on priority basis, if they want to tap the potential in the upcoming market of India. Rural markets present distinct challenges for marketers who are interested to tap this goldmine, facing innumerable obstacles. The marketers need to be aware of the challenges that lie in the way and should be adequately equipped with strategies and tactics in order to combat with them. But now, the marketers are considering serious of all-out efforts to tap the rural markets and likely to face some challenges in their rural endeavours. Hence it is the study the concept and growth drivers of rural market with a special reference to Indian Rural Market.

VI. INDIAN RURAL MARKET

Villages are the heart of India. Approximately 75% of India’s population (equaling 12.2% of the World’s population) lives in 6, 38,365 villages spread over 32 lakh square kilometers. There are indicators of excellent performance in infrastructure development, education and health care, public distribution of goods and commodities and exports over the years. Under the changing economic scenario, the rural markets have great potentialities in India and offer bright prospectus to attract the various companies. More than three-fourth of country’s consumer resides in rural areas and more than half of the National income is generated by them. All the major industries in India are tilting towards rural India because of full of opportunities with impressive growth in the recent years.

It is reality the fact that the Indian rural market is increasingly becoming the economic power house of the country. The hinterlands, accounting for about 50 per cent of India’s gross domestic product (GDP) and housing nearly 70 per cent of the

country's population, are showing remarkable multiplier effect and thereby excite policy makers and business leaders.

Moreover, rural areas are witnessing enormous growth in their incomes and crucial shift in consumer behaviour. Companies have realised this enormous opportunity and are largely tuning their strategies to woo the rural consumers through their products and services. Because of green revolution, the rural areas are expending an extensive amount of mechanical and urban fabricated items. The unique circumstance has given birth to an exceptional advertising procedure specifically rural marketing and its various dimensions.

6.1. Features & Characteristics of Indian Rural Markets

- Large, Diverse and Scattered Market: Rural market in India is large, and scattered into a number of regions. There may be less number of shops available to market products. Indian rural market consists of approximately 75 crores. rural consumers living in approximately 6,38,365 villages spread over 32 lakh square kilometer area.
- Heterogeneous market: The rural market is not a homogeneous one. As many as 20,000 ethnic groups are present in rural India & this poses a formidable challenge to the marketer. There are 24 villages & 1642 dialects & the dialects (boli) varies every 100 km. or so, making it extremely difficult to develop a uniform promotional message. Rural India is thus a mosaic of markets & this heterogeneity is the hallmark of the rural market.
- Major Income of Rural consumers is from Agriculture: Rural Prosperity is tied with agriculture prosperity. In the event of a crop failure, the income of the rural masses is directly affected leading to less purchase.
- Standard of Living and rising disposable income of the rural customers: It is known that majority of the rural population lives below poverty line and has low literacy rate, low per capital income, societal backwardness, low savings, etc. But the new tax structure, good monsoon, government regulation on pricing has created disposable incomes. Today the rural customer spends money to get value and is aware of the happening around him. Unreliability factor in case of rural income makes the rural customers extremely conscious in their purchase behaviour as they are not

confident about their future earning as over 70% of the rural population is employed in small unorganised sector. The propensity to save for the future exigencies makes them spend less to improve their standard of living even when they have good income. Besides this low literacy, social backwardness, low saving, traditional attitude etc. also have contributed to lower standard of living.

- Traditional Outlook: Villages develop slowly and have a traditional outlook. Change is a continuous process but most rural people accept change gradually. This is gradually changing due to literacy especially in the youth who have begun to change the outlook in the villages.
- Rising literacy levels: It is documented that approximately 45% of rural Indians are literate. The awareness level has increased and the farmers are well-informed about the world around them. They are also educating themselves on the new technology around them and aspiring for a better lifestyle.
- Diverse Socio-economic background: Due to dispersion of geographical areas and uneven land fertility, rural people have disparate socioeconomic background, which ultimately affects the rural market.
- Infrastructure Facilities: The infrastructure facilities like cemented roads, warehouses, communication system, and financial facilities are inadequate in rural areas. Hence, physical distribution is a challenge to marketers who have found innovative ways to market their products. The infrastructural facilities like roads, warehouses, communication systems & financial facilities are inadequate in rural areas. Roads do not connect nearly 50% villages in the country. Promotion & physical distribution thus becomes very difficult in the rural terrain because of inadequate infrastructural facilities over 50% rural households have access to electricity as main source of lighting but 46% still use kerosene for lighting.

6.2. Evolution of Rural Marketing

The term rural marketing used to be an umbrella term for the people who dealt with rural people in one way or other. This term got a separate meaning and importance after the economic revolution in India after 1990. Various stages in evolution of rural marketing are as follows

Table 1.1: Phases of Rural Marketing

Phase	Time Period	Nature	Major Production	Source Marketing	Target Market
1.	From Independence to Green Revolution	Agriculture marketing	Agriculture produces	Rural	Urban
2.	Green Revolution to pre-liberalization period	Marketing of agri-inputs	Agricultural inputs	Urban	Rural
3.	Post-liberalization period in 20 th century	Rural marketing	Consumables & durables for consumption & production	Urban & rural	Rural
4.	21 st century	Developmental marketing	All products & services	Urban & rural	Urban & rural

(Source: <https://www.scribd.com/doc/309557064/Evolution-of-Rural-Marketing>)

VII. GROWTH DRIVERS OF THE RURAL MARKET TRANSFORMATION

The rural market is growing steadily over the years in terms of both quantitative and qualitative. This was the result of new employment opportunities and new sources of income made available through rural development programmes which have resulted in green, white and blue revolutions leading to revolution in rising expectations of rural mass. Demand for different products has also grown over the years. This result into the increasing the potential of rural areas. Growth in rural consumption has increased and side by side increased in demand for branded products.

Key drivers of rural market growth are:

7.1. Large Population

Rural market offers a huge number of opportunities to the marketer in India. Rural market plays a significant role in economic development. Approximately 14.1 percent GDP comes from rural markets. In India, there are 620000 villages and approximately two-third workforce engaged in farming and its allied activities. Indian rural market is huge in size because rural population accounts for almost 68 percent population who live in rural areas and 32 percent in urban areas (Census, 2011). The Indian rural market with its vast size and demand offers great opportunity to marketers.

Table 1.2: Status of Rural Population in India

Population	2001 (in crore)	2011(in crore)	Difference (in crore)
India	102.9	121.0	18.1
Rural	74.3	83.3	9.0
Urban	28.6	37.7	9.1

(Source: Census, 2011)

It is clear from the Table 1 that, the share of rural in the total population of India. Rural population has been increased by 9 percent from 2001 to 2011 and comprises of 83.3 crore people as compare to 37.7 crore people in urban area which shows greater opportunities for marketers.

7.2. Increase in Rural Literacy Rate

The rural literacy rate has improved in

recent past which have increased the awareness among rural consumers. Rural people have started to go to urban areas for higher education. Even government has introduced various schemes for rural education. Awareness has increased and the farmers are well informed about the world around them. Because of education the aspiration and outlook of rural people has significantly increased.

Table 1.3: Male and Female Literacy Rate of Rural India (in %)

Year	2001	2011
Male	71.40	78.57
Female	46.70	58.71
Total	59.40	67.80

(Source: Census, 2011)

Due to the different initiatives at local level as well as at union level for improving education programs the total literacy level of the rural population has increased to 67.80% (2011). The Government is making all round effort to foster this changed attitude. A recent UNICEF report states that India now has more than seven lakh rural schools. Due to greater literacy level consumer responsiveness towards any product or trademark is becoming higher as well as decision for buying of any manufactured goods.

7.3. Increase in Employment

Rural Employment initiatives by Government like MNREGA schemes and projects by private companies have provided opportunities for rural people to fulfill their daily needs. Project Shakti by Hindustan Unilever Limited has created opportunity for income generating abilities for needy rural woman by providing small scale enterprises.

7.4. Increase in Income and Purchasing Power

The World Trade Organization's (WTO) Policy for agro-exports has increased exports of Indian agricultural produce thereby increasing incomes of the rural population. Which includes crop diversification (biotech products, cash crops such as mint, floriculture, horticulture, etc.), higher commodity prices, organized retail and contract farming, remittances from abroad or migrant urban kin, government employment generating schemes such as NREGA, microfinance and rural credit, waiver of loans to the farmers, encouragement to cottage and micro industries, subsidies on agro inputs such as seeds, fertilizers, etc., and marketing assistance through organized retail, contract farming, rural cooperatives, projects such as ITC chaupalsagar, etc. Remittances from Indians working abroad are a sizeable contribution to growing rural income & purchasing power.

Now a days, the government has introduced various rural development programs and farmers are using modern technology. The income of rural people is increasing. All the foremost industries in India are leaning towards rural India. Rural market offers countless opportunities and infinite business potential. In India overall economic growth has increased which has resulted

in higher purchasing capacity of rural community. Rural market is acquiring significance in the country. Projects from the private companies and the rural employment initiatives by the governmental like NREGA (National Rural Employment Guarantee) schemes have given the rural population an opportunity to meet their daily needs. The loan waver in the agriculture sector and an increasing demand for labor in the urban areas, has given a boost to the income levels in the rural sectors. Consequent lifestyle upgrade has added a new spectrum. Rural purchasing power has grown faster than urban in the recent years. Rural Indian economy is highly supported by increasing disposable income, Government initiatives and schemes and favourable demographics. As a result, the rural segment of the Indian economy is growing at a pace of 8-10% per annum. Government spending in rural India has tripled over the last four years and is now translating into higher consumer spending. Therefore, rural consumers are consuming more premium and convenience-oriented categories that are typical of their urban counterparts. "Policy measures like the waiver of agricultural loans around US\$ 13.9 billion and the National Rural Employment Guarantee Scheme, which guarantees 100 days of employment to one member of every rural household (NREGS), the Bharat Nirman program with an outlay of US\$ 34.84 billion for improving rural infrastructure etc helped the rural economy.

Among the important factors contributing to the opportunities in the rural markets for the marketer, the continuous rise in rural income is the most important. More agricultural production and substantial increases in the disposable incomes of rural people and countrywide progress have been catalyzed by many rural development schemes implemented by government. The agricultural development programs of the government have helped to increase income in the agriculture sector by increasing the productivity and better price for agriculture products, thus enhancing the purchasing power in rural markets. Continuous government efforts for narrowing income inequalities have expanded the market for consumer goods by bringing into its fold newer segments. Increase in income and purchasing power has provided the

marketer greater opportunity to expand their operations in rural markets.

7.5. New Aspirations

Mainly through more exposure to urban products and services due to media, literacy, migration, etc., demand for urban type products, aspiration for better quality of life as product become affordable, and better informed due to projects such as E-Shakti and E-Chaupal of HUL and ITC respectively.

7.6. Improvement in Infrastructure and Rural Connectivity

About 95.6 percent of villages have power and basic infrastructure. (Source: Rural Electrification Corporation). The government has made strides towards improving rural infrastructure with over 70 percent of the villages linked by roads. At least three out of every five rural households are now powered by electricity (Census 2011). The outcome of improved road connectivity is directly felt on the economic conditions of villagers. Travel to the nearest city is easier and therefore more frequent. Employment and trade opportunities are also broader in scope, leading to better paying jobs or higher income.

In the eleventh five-year plan Government has specific focus on the inclusive growth of the country. This includes rural and urban poor as well as the primary agricultural sector. Several schemes have been launched in last couple of years related to rural housing, roads, communication, drinking water, rural electrification, etc. These have considerably improved the living conditions of rural population and have led to increase in their

demand and consumption for the automobile and consumer durable goods such as mobile, television, etc. The expansion of rural market has been notable than urban markets for a considerably long period. Generally, the Indian rural market approximately consists of 850 million consumers in 620,000 villages, making up 68% of the residents and 50% of the country's GDP. Government of India has designed different initiatives to make available and get better the infrastructure in rural areas which can have a multiplier effect on rising movements of products, services and thereby progress earnings potential of rural people subsequently improving consumption (The Economic Times, 2016).

7.7. Growth of Rural Consumption

Due to easier availability of credit, lowering of prices of consumer durables such as television, refrigerator & mobile phones, growth in rural income, increase in rural savings, improvement in literacy, urban association due to migrants driving sale of consumer durable, apparels, footwear, FMCG, automobile, etc., easy availability of branded goods at closer vicinity due to rural organized retail such as Haryali Bazaar, ITC Chaupal, Godrej Aadhar, etc., and availability of low priced products due to improvement in technology and imports from countries such as China. Also, there is a sizeable demand for second hand goods especially in automobiles. Due to the green revolution, the rural areas are consuming a large quantity of urban manufactured and Industrial goods and services. The following figure shows and predict the future consumption of the rural market.

Table 1.4: Consumption of FMCG Products (in US \$ billions)

Years	2009	2010	2011	2012	2013	2015	2016	2025 E
Consumption (In Us \$ Billions)	9	10.4	12.3	12.1	14.8	18.92	29.4	100

Source: Compiled from Indian Brand Equity Foundation (IBEF, 2017)

7.8. Transformation of Lifestyle

Due to increase in rural disposable income, the lifestyle of rural consumer is changing considerably and they purchase quality and branded product. They use mobile phone and internet services. Due to the digital revolution, rural people connect to modern technology and technology has changed the life-style of rural consumers. It is changing the structure of villages (Krishnamacharyulu&Ramakrishnam, 2011).

market and durables market is higher in rural areas than urban. The rural market share is more than 50 percent for products like shampoo, hair oil, body talcum powder, toilet soaps, bath soaps, and toothpaste, etc. In 2009 the consumption of FMCG products were 9 billion and it increased US \$ 29.4 billion in 2016. According to IBEF, The FMCG consumption will be across US \$ 100 Billion till 2025. This data indicates that the Indian rural market offers a large market to FMCG marketers.

7.9. Market Growth Rate Higher than Urban

According to Indian Brand Equity Federation (IBEF), the growth rate of FMCG

7.10. Impact of Globalization

The impact of globalization is felt in rural India as much as in urban. But it is slow. It will have its impact on target groups like farmers, youth and women. Farmers, today 'keep in touch' with the latest information and maximize both ends. Animal feed producers no longer look at Andhra Pradesh or Karnataka. They keep their cell phones constantly connected to global markets. Surely, price movements and products' availability in the international market place seem to drive their local business strategies. On youth its impact is on knowledge and information and while on women it still depends on the socio-economic aspect. The marketers who understand the rural consumer and fine tune their strategy are sure to reap benefits in the coming years. In fact, the leadership in any product or service is linked to leadership in the rural India except for few lifestyle-based products, which depend on urban India mainly.

7.11. IT Penetration in Rural India

Today's rural children and youth will grow up in an environment where they have information access' to education opportunities, exam results, career counselling, job opportunities, government schemes and services, health and legal advice and services, worldwide news and information, land records, mandi prices, weather forecasts, bank loans, livelihood options. If television could change the language of brand communication in rural India, affordable Web connectivity through various types of communication hubs will surely impact the currency of information exchange. As the electronic ethos and IT culture moves into rural India, the possibilities of change are becoming visible.

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7.12. Accessibility of Markets

The attraction of a market depends not only on its potential but also on its accessibility. The road network has facilitated a systemized product distribution system to villages. An

increasing number of companies are supplying village markets directly. Increasing direct contacts to villages helps product promotion and availability of the product in the village shop.

Improvement in the road systems linking the villages has led to a systematic product distribution system. Earlier, there was a "trickle down" of the stocks observed to the buyers in the interior villages. Nowadays companies use delivery cum promotion vans that travel 8-10 haats/markets daily as a part of direct contact with villagers.

7.13. Changes in Consumer Behaviour

Increased literacy and greater awareness in rural markets create new demands and discriminating buyers. This is observed more in the younger generation. In villages today, this segment of buyers consumes a large variety of products, both durables and non-durables. There is a visible increase in the consumption and use of a variety of products, which is easily observed.

7.14. Competition in Urban Markets

Intensified competition in urban markets increases costs and reduces market share. The rural markets are therefore increasingly attractive in relation to urban markets. The urban markets have got extremely saturated with the presence of all big players. This is very much evident in the automobile market. Motorcycles and scooters often find more acceptances in rural market as compared to urban market, since there is more proliferation of brands in the latter markets.

7.15. New Employment Opportunities

Government schemes like IRDP (Integrated Rural Development Programme), JRY (Jawahar Rozgar Yojana) and TRYSEM (Training Rural Youth for Self-Employment) have created new employment opportunities in Rural India. Co-operative banks and public sector banks are extending loans to rural people, thereby creating job opportunities for them. As a result, very few rural people are now flocking to urban centres.

7.16. Better Credit Facilities through Banks

With co-operative banks taking the lead in the rural areas, every village has access to short, medium, long-term loans from these banks. The credit facilities extended by public sector banks through Kisan Credit Cards help the farmers to buy seeds, fertilizers and every consumer goods on installments.

7.17. Green Card / Credit Card for Farmers

The government-initiated credit cards for farmers through public sector banks. Canara bank and Andhra bank were the pioneers in the launch of the Kisan Credit Card. The farmer had a choice to take short- or medium-term loans through these credit cards to buy seeds, fertilizers, etc. This enabled him to produce more and thereby increase his income.

7.18. Increase in Rural Communication

It is no longer just roads that are linked. There has been a boom in communications too. Mobile phones and Direct-to-Home (DTH) services have been the channels of change, connecting even remote villages to the outside world. According to data from the Indian Readership Survey (IRS) 2008, Economic Survey, FY11 and Census 2011, in the 10 years between 2001 and 2010, tele density jumped from a mere 0.7 percent to a healthy 21 percent. Meanwhile, the Telecom Regulatory Authority of India (TRAI) data suggests that in the past four years alone, the subscriber base has expanded seven times in the villages, outstripping the three-fold growth in urban areas. Digital media is just as accessible. Television Audience Measurement (TAM) reports that the reach of digital media in rural India far outstrips the urban.

7.19. Green Revolution

The substantial attention accorded to agriculture during the successive five-year plans has helped in improving agricultural productivity. Adoption of new agronomic practices, selective mechanization, multiple cropping, inclusion of cash crops and development of allied activities like dairy, fisheries and other commercial activities have helped in increasing disposable income of rural consumers. Over 75 percent villages in India have been electrified. There is also a shift from rain dependence to irrigation. Farmers are getting high return for their cash and food crops. In the whole process, the dependence on seasonality has reduced, and in return there has been increasing disposable income. Since December 1999, HLL has reached out to 35,000 villages, 22 million households and spent Rs. 20 crores. This has been one of the largest sampling exercises in recent times conducted by a big business house. The vision of Dr. Swami Nathan, the father of the green revolution to achieve self-sufficiency in food grain production in 1995, gave a major breakthrough in food grain production by the use of scientific methods in agriculture. At present, Rural India generates 299 million tons annually. The substantial attention accorded to agriculture during

the successive five-year plans has helped in improving agricultural productivity. Adoption of new agronomic practices, selected mechanisation, multiple cropping, inclusion of cash crops and development of allied activities like dairy, fisheries and other commercial activities have helped in increasing disposable income of rural consumers. By observing this scenario, India's one of the biggest giant Hindustan Lever Ltd. has entered into rural market for more penetration through the operation Bharat.

7.20. Development Programmes and Government Initiatives

The five-year plans have witnessed massive investments in rural areas in terms of number of developments programmes implemented by the central and state Government. These programmes have generated incomes to ruralites and helped them to change their lifestyles.

Various schemes of Government like Kisan Credit Card helped the farmers to take loans for fertilizers, seeds etc. This enables them to produce more and increase their income. Government schemes like IRDP (Integrated Rural Development Programme), Intensive Agricultural District Programme (IADP Package Programme), JRY (Jawahar Rozgar Yojna), Intensive Agricultural Area Programme (IAAP), High Yielding Varieties Programme (HYVP Green Revolution), Small Farmers Development Agency (SFDA) and TRYSEM (Training Rural Youth for Self-Employment) have created new employment opportunities in Rural India.

These programmes are related with agriculture and allied activities but there are certain other policies which are specifically meant to raise the standard of the rural people in the field of health, education, sanitation etc. After the beginning of economic reforms in 1991, the Government has been giving special attention to the rural India by providing certain developmental schemes for these areas. Some announcements were made by the finance minister in the Union Budget 2000 to enrich the existing programmes and to initiate some new schemes for the rural areas like Kisan Credit Cards and Micro Finance. Hence, we can see that today changes are taking place rapidly in all walks of life and rural areas are no exception to this. Improved infrastructure facilities, economic liberalization, renewed emphasis on agribusiness and small industries, fast changing agricultural technology, scope for commercialization of agriculture, greater budgetary provision for rural people are few reasons to mention. Moreover, various socio-cultural,

psychological and political aspects of rural life are also changing. Rural dwellers today are less fatalistic, less attached to religious beliefs, getting more individualistic, achievement oriented and aspiring than before.

The government plans to spend Rs 75,600 crore (US\$ 12.23 billion) to supply electricity through separate feeders for rural and agricultural domestic consumption - an initiative aimed at providing round-the-clock power to villages. This outlay is inclusive of expenditure towards an integrated power development initiative which involves strengthening distribution and sub-transmission systems. The Government of India seeks to promote innovation and technology development in rural and tribal areas of the country. The government plans to form a committee that will study these innovations and submit a report to the department or ministry concerned. The programme, Nav Kalpana Kosh aims to improve rural areas at all levels governance, agriculture and hygiene, among others. Banks are working on establishing 'Rural ATMs' which will dispense currency notes of smaller denominations. "We have encouraged banks to find a solution for bringing in rural ATMs banks will have to find an appropriate technology solution for a different type of ATM to care for the needs of the rural people," as per Mr R Gandhi, Deputy Governor, Reserve Bank of India (RBI). With the increasing demand for skilled labour, the Indian government plans to train 500 million people by 2022, and is looking out for corporate players and entrepreneurs to help in this venture. Corporate, government, and educational organizations are joining in the effort to train, educate and produce skilled workers.

7.21. Increasing Sale of Branded Products

Sales of branded goods have already overtaken those of non-branded products in villages. Rural consumers are also becoming aware of the branded products and also have started using branded products which provide a vast opportunity for a rural marketer.

VIII. CONCLUSIONS

Indian rural market is vast size with greater demand base. There are several roadblocks that make it difficult to progress in the rural market. Marketers encounter problems like dealing with physical distribution, logistics, proper and effective deployment of sales force and effective marketing communication when they enter rural markets. Mere modification of existing urban plans to rural markets would not serve the purpose. The

government needs to play a positive role in the development of rural markets in association with the local NGO's. Improving infrastructure capacities, initiating community development programs, offering better employment opportunities, simplifying credit availability and so forth would make such markets ever more attractive. The future of businesses operating in India lies in rural markets. The marketers have to come up with innovative ideas through which the villagers also get involved in getting business from their respective villages. There is more to rural marketing than just offering LUPs (Low Unit Packaging), reducing a product's price or making an inferior product and dubbing the national ads in vernacular. It might rather do more harm than good. It is very important to understand the psyche of the rural consumer and modify the marketing mix so as to be fit to cater to the rural demographics. It would be better if companies consider the rural sector as a not much known international market and use polycentric rather than the ethnocentric approach to service it. In conclusion, the rural markets are enticing and marketing to rural consumers is exciting. However, a clear understanding of the rural consumers, their cultural base and their current and future expectations are the major part of strategies to tap the rural market nowadays.

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