

## EMERGING TRENDS IN RURAL MARKETING IN INDIA

HARPREET KAUR SANDHU

Research scholar, Department of Economics, Punjabi university, Patiala, Punjab-147001

### ABSTRACT

In recent years, rural markets have acquired significance, as the overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities. On account of green revolution, and improved economy the people living in rural areas are consuming a large quantity of industrial and urban manufactured products. In this context, a special marketing strategy, namely, rural marketing, has emerged. But often, rural marketing is confused with agricultural marketing - the latter denotes marketing of produce of the rural areas to the urban consumers or industrial consumers, whereas rural marketing involves delivering manufactured or processed inputs or services to rural producers or consumers.

**Keywords:** Rural -Marketing, Kissan Credit Card, Agro-Products, Marketing.

### INTRODUCTION

Majority population of India lives in villages, and is nearly 68 - 72 percent of total Indian population lives therefore our country is commonly called rural India. So there are about 6.36 lakh villages out of which only 13 percent have population above 2000. For making village life attractive govt. of India have introduced several schemes and for banking connectivity and under the slogan of financial inclusion and bank for all govt of India is planning to connect with banks all these villages for the sake of their development. The rural economy used to contribute nearly half of the country's GDP (ETIG 2002-03) which is mainly agriculture driven and several natural resources like monsoon dependant. This share in GDP is declining very fast because because of increasing contribution to economy from other sources like services and industry. More than 50 percent of the sales FMCG and Durable companies come from the rural areas. The McKinsey report (2007) on the rise on consumer market in India predicts that in twenty years the rural Indian market will be larger than the total consumer markets in countries like South Korea or Canada today, and almost four times the size of today's urban Indian market and estimated the size of the rural market at \$577 Billion. Certainly production hub is rural India and consumers being urban. Rural marketing facilitates flow of goods and services from rural producers to urban consumers at possible time with reasonable prices, and agriculture inputs are always in reverse way ie consumer goods from urban to rural mostly these are seeds and fertilizers etc. Marketing as a function has started much earlier when civilization started but not recognized as

marketing. All economy goods are marketed in terms of goods and services (Barter system). Now money is being practiced as a goods exchanging medium may be in ancient times it was goods to goods. The market may be a street, or a small town/ metropolitan city, Developments in infrastructure, transport, and communication facilities has increased the scope of the rural marketing in short we may say rural infrastructure development for this Govt. of India created a special budget called RIDE.

### RURAL MARKETING MAKE ATTRACTIVE

As mentioned above nearly out of each ten six to seven live in villages this big population itself is clearly offering good opportunity potential for related industry. According to NCAER study, there are almost twice as many "lower middle income" households in rural India as in the urban areas but day by day rural base is shrinking people are moving to cities in Punjab it is happening very fast particularly in cities like Ludhiana

- Highest income level of urban household is 2.3 million in case of rural areas it is 1.6 million.
- There clear trend of increase of wealth in urban India, ie middle and high income group is expected to grow from 46 million to 59 million. (all this is occasionally referred to impact of globalisation)
- To strengthen the rural base several schemes have been initiated notable one being, rural employment guarantee scheme which worked wonders in the rural India in some areas. The new government is applauded with the success of NREGA scheme and is likely to earmark

Rs.30,000 crores for the scheme The government ensuring employment to 4.47 crore families and creating 215 crores person-days during the past three years are big achievements for the rural people.(some flaws have also come to the notice remedies are also being worked out day in and day out one sees news about corruption in these also)

(2). Large number of projects ie worth 27 lakhs, have already been taken up, out of which projects worth 12 lakhs, are completed.

(3). These projects have also increased rural income and have become a big factor for the companies to rush for the rural India. NREGA has also infused confidence in the rural population . As per this slogan bank for all considerable success is expected and some action to full fill this is already taken this would help opening of bank accounts and thus making many rural poor confident and th making them habitual of saving money now. Also, the life insurance and health insurance products have gained ground in rural India.

(4).Thus the number of middle and high income households in rural India would increase may be manifold as compared to urban India .The market increase in the rural income is due to agrarian prosperity. There is large inflow of investment for rural development programs from government and other sources Trough the efforts and increase in RIDF amount every year there is increasing contact of rural people with their urban counterparts due to development of transport and wide communication network ie with the emphasisand increase in. RID funds. The literary education levels have increased among rural folks, and as a result there is an inclination to lead sophisticated lives ie there is considerable change in the quality of life villages also which is clear from electronic network available to them like cable TV mobile phones etc. Changes in land tenure system have also resulted in structural changes in the ownership pattern and consequent changes in the buying behaviour of rural population.

(5).Thus a large population, rising farm and inspiring infrastructure has translated great opportunities with a sizeable rural presence. Some impressive facts about the rural sector are presented below which speaks volumes of progress and awareness in rural masses

- The number of rural super markets (Haats in India), 47000 exceeds the total number of retail chain stores in the US (35000)
- LIC sold 55 percent of its policies in rural India.24

million Kisan Credit Cards (KCC) issued in rural areas exceeds the 17.7 million credit cards plus debit cards issued in urban India. A whopping Rs.52,000 crores has been sanctioned under KCC scheme.The KCC scheme has picked much faster in Punjab and Haryana compared to rest of the country

- . Green revolution in the North and white revolution in the West has brought about a new prosperity in the lives of rural people. Government emphasis on rural development has caused significant changes in the rural scenario. Moreover, the special attention given for infrastructure development through the successive Five-year plans has improved the buying and consumption pattern of rural people.

**THE RURAL AGRO - PRODUCTS:** The rural agro-products are presented below with some facts

\* Fruits & Vegetables :In this sector India occupies special position ie it is no.two in the world- second largest producer of fruits and vegetables. It has potential to grow all types of temperate, sub - tropical and tropical fruits and vegetables because of varied agro - climatic diversity from region to region. The total production of fruits and vegetable is over 45 million tones and 85 million tonnes respectively. There can be much improvement in this sector by crating some infrastructure . As losses in this sector are estimated to the extent of 20 -30 per cent due to lack of proper harvesting, processing and storage facilities, the loss is valued at Rs. 230 billion. The processed products from fruits and vegetables are beverages, jams, jellies, candies, preserves, canned fruits and vegetables, dehydrated fruits and vegetables, pickles, soup mixes, sauces and ketchups. The products have growing demand, especially in the Middle East countries include pickles, chutneys, fruit pulps, canned fruits and vegetables, concentrated pulps and juices, dehydrated vegetables and frozen fruits and vegetables. People generally prefer fresh fruits and vegetables in India due to abundance of seasonal fruits throughout the year available at low price. The production of pickles and chutneys has traditionally been rural level cottage industrial activity. However, in the recent years, processed foods in the form of canned fruits such as pineapple, mango slices and pulps, grapes, apple, peaches etc have increased considerably. The uses of fruits in the form of concentrated juice, dry powder, jam and jelly have also increased. The percentage production of processed fruits and vegetables are fruit juice and fruit pulp - 27, jams

and jellies - 10, pickles -12, ready to serve beverages -13, synthetic syrups - 8, squashes - 4, tomato products - 4, canned vegetables- 4 and others -18.

The main fruits that enter the export market are mangoes, grapes, apples, citrus fruits Punjabs Bathinda area is of special mention here. Other fruits identified for export are bananas, sapota, litchis etc. The main destinations for export of fruits being Middle East, U.K., Europe and to some extent Singapore, Malaysia etc. The important vegetables exported are potatoes (28.0%), onions (7.1%), cauliflower and cabbage (4.0 % each), okra (3.0%), peas (3.0%) and others (50.0 %). The estimates given here vary considerably from year to year basis. The exports are limited to Middle East, Europe, U.K and Singapore etc. At rural level solar assisted dehydrators could be promoted for preparation of ethnic food products like raisins, onion flakes and powder, chips, vegetables etc

\* **Grains :** In food grains sector also India could emerge as a major exporter and foreign exchange earner in coming years. India's main food grains include rice, jowar, bajra, maize, wheat, gram and pulses.

**Rice milling:** Conventional rice hullers with a population of 91287 are very popular for milling of rice in rural areas. In conventional rice hullers, bran and husk are produced together and cannot be separated. The by - product is generally burnt which in the new scene can be utilized . Therefore modern rice mills have separate processing mechanism for dehusking and polishing of the paddy. The husk can be utilized for energy and for industrial chemicals like furfural and the bran can be used for extraction of edible and non edible grade oil. These mills also have better recovery and lower energy consumption compared to conventional hullers. Wheat milling: Wheat production in the country has increased to more than 73.53 million tonnes. Burr mills (chakkis) are very common for milling of wheat in rural and urban areas. Uttar Pradesh, Maharashtra, Karnataka, Tamil Nadu, Andhra Pradesh, Bihar, West Bengal, Punjab, Haryana, Madhya Pradesh, Assam, Gujarat, Kerala have the largest number of roller flour mills. At present flours made by the roller mills are sold to institutional buyers like defence, hotels etc., and the household purchase is limited to only 1.0 per cent due to absence of open policy for sale of wheat flour through public distribution system. Sale of soy blended and branded wheat flour is likely to increase due to better quality flour and thus scope of organized wheat milling will increase in future.

**Pulse milling:** Pulses are the major sources for protein for the vegetarians in India. In a total world production of 60 million tonnes of pulses, India, China, Brazil, Turkey and Mexico account for 2 / 3 rd of the output. The pulses are made into dhal by dehusking and dehulling. Oil extraction: The Technology Mission on oilseeds has helped in increasing the oilseeds production to 24.5 million tonnes. Oil extraction has been a cottage level activity in the country through Kolhus and Oil Ghanis. The introduction of high capacity mechanical expellers and solvent extraction technology has brought in modernization. Small capacity oil expellers have been developed which could be installed in rural areas for promoting agri - business and that might provide more employment. Soybean is not only a good source of oil but also rich in protein. India is now the fifth largest producer of soybean at a global level with production of more than 5.2 million tones. Soymilk analogues, nuggets and soy - blends are being marketed

\* **Flowers :** This is another major sector of importance to our country. Flower cultivation has been practiced in India since time immemorial, horticulture is viable business in recent years and these in earlier days for decoration or for worshiping purposes very recently they have come out as trade also. Now it is identified potential area of employment generation as well as of export potential . It has been indentified as an external focus area for exports by the govt. Traditional flowers such as Jasmine, marigold, chrysanthemum, cassandia and aster are commonly grown. Commercial cultivation of cut flowers i,e rose , orchid, gladolies anthrium and lilies has become popular. The Total production of flowers during 2001-02 was 0.57 million tonnes and 803.5 million number of cut flowers.

#### **Rural sale products**

\* **Milk & poultry products:** We are the largest producer of milk in the worldie rank first in world. Regarding numbers of animals our position is as-,cattle population, 50 per cent of buffalo population and one - sixth of total goat population of the world. There is vast scope to set up modern slaughter facilities and cold store chains in meat and poultry processing sector. Compared with meat, poultry industry has registered significant growth. India ranks fifth in the world and both poultry and egg processing units have come in a very big way in the country. India is exporting egg powder, frozen egg yolk and albumin powder to Europe, Japan and other countries. Poultry exports are mostly to

Maldives and Oman. Indian poultry meat products have good markets in Japan, Malaysia, Indonesia and Singapore. Presently there are only five egg powder plants in India which is considered insufficient in view of growing export demand for different kind of powder - whole egg, yolk and albumin. There is a large potential for setting up of modern slaughter facilities and development of cold chains in meat and poultry processing sector. The market has not been tapped for ready to eat and semi processed meat products in the domestic market as well as for exports to neighboring countries especially to the Middle East. Buffalo meat is surplus in the country and has good export potential.

\* **Handicrafts and Hand loom products :** We always emphasised small scale village khadi etc. India's overall policy on all industrial development is contained in the Industrial Policy Resolution of 1956, as amended from time to time. New priorities have been developed as and when required including some designed to reduce the basic handicaps of small-scale industries. The latest of these is the Industrial Policy of July 1980 which aims to harmonise growth in the small-scale sector with that in the large and medium sectors and to remove the dichotomies between the two sectors. In India, the latest definition of a small-scale industry (SSI) is any unit with an upper limit on investment (in plant and machinery) of from Rs. 0.20 million to Rs. 0.35 million in the case of SSI and Rs. 0.45 million in the case of ancillary units. What is called the village and small industries (VSI) sector comprises both traditional and modern small industries; it is constituted by eight specific groups viz. Handloom, Handicrafts, Coir, Sericulture, Khadi, Village Industries, Small-Scale Industries and Powerlooms. During the sixth plan period (1979-80 to 1984-85) production in this sector increased from Rs. 335380 million to Rs. 657300 million at current prices and employment from 23.37 million to 31.50 million persons. The latter figure represents nearly 80 percent of the entire industrial employment. Of this total, modern small-scale industries employ 9 million people; next in importance is the handloom subsector which employs about 7.5 million people. During the seventh plan period (1985-90) the total value of production of the VSI sector is expected to increase by about 52.4 percent and employment by 27 percent to 40.0 million. The seventh plan also lays emphasis on the necessity of providing a new thrust for tiny units having fixed investment of less than Rs. 0.2 million. They form nearly 90 percent of the total number of small-scale industrial enterprises. A modified strategy will

provide adequate facilities in rural and semi-urban areas which will increase dispersion of these industries.

#### **MARKETING ENVIRONMENT**

Rural marketing is basically a focussed marketing activity of an organisation. The environment outlines threats and opportunities of the market. The rural marketing environment is complex and changing continuously. The marketing organisation has to foresee and adopt strategies for the changing requirements of the market. One, which does not change, will perish. The economic independence matters in the villages and it covers social and political factors, which is very important. In this regard, Kisan Credit Cards issued by National Bank for Rural Development (NABARD) is playing and bringing drastic change in the villages i.e. social up-liftment by economic empowerment. The Kisan Credit Cards scheme of Nabard is becoming an effective tool to fight the existence of sahu-kars and other informal sources of credit for farmers. During 2008-09, the number of KCC issued by these banks was almost 16,000 and cumulative term loan issued was Rs, 587cr. KCC aims at meeting the entire credit needs of farmers through a whole farm approach. It covers farmers' production, investment and consumption needs. Under KCC scheme, the credit is available at a rate of 7 percent. All farmers, including oral lessees, tenant farmers, and share croppers, can avail credit facilities under KCC. Under the KCC scheme, any number of withdrawals and payments within the sanctioned credit limit are allowed to the borrower. The card is valid for 3/5 years subjects to annual review by the financing bank. KCC also covers personal accident insurance cover up to Rs. 50,000 to cover accidental death / permanent disability. The value creation and delivery consists segmentation, targeting, positioning and delivery of satisfaction are the essence of strategic marketing. Segmentation is the process of defining and breaking a heterogeneous market homogenous submarkets having different tastes, preferences, finance, capabilities etc. It is a process and to help in the analysing market opportunities. Segments are broadly on the basis of geography of the market includes states, regions, districts, population density, climate etc. Demographics encompass gender, age, income, occupation, religion, education, singles, marital status, family size etc. Psychographics cover the social class, life style and personality and behavioural aspects include occasions, benefit sought, loyalty status, place and product possession. Sadly, not many companies had invested sufficient money in research or time in the field



to understand rural consumers- their values, aspirations, needs, usage habits. Marketing is all about 'knowing your customers', but companies which have largely not ignored this cardinal principle, have eluded corporate in rural markets. In the past most senior executives would rather set through the periodic marketing workshop in five star hotels than deal with the heat and the dust of the market place. Today, more than ever before, industry associations and corporate boards are looking at setting new agendas that combine wealth creation with deeper rural social change.

#### CHALLENGES OF RURAL MARKETING

The rural markets are full of challenges because of its characteristics like illiteracy (some steps have been taken in this direction also like sarab sikhiya abhyan), distances, vast markets potential, communication, rail and road transportation, distribution of products and services, understanding consumer behaviour, socio-cultural factors, languages, lack of infrastructural facilities etc. The rural market is so wide and vast that it is difficult to cover and reach. One segment is totally from other segments. Every district, region and state is different from others. The whole India is different in itself and even then it is an ideal example of a country having different cultures. It is incredible India. Knowing Rural India is a very difficult task, its spirit, feelings, warmth, distinctness, shyness, innocence and beyond that. If marketing / sales men try to cheat them, they feel disgusting and try to make distance from these people. Next most important point is that marketing men still don't know real needs of rural consumers. Designing wrong products, services and poor strategy without knowing rural India where their own consumer in the villages lives. It is also difficult to get skilled sales person conversant with rural culture. Though, marketing heads are educated from abroad and top institutions of the country but poor in knowing their consumer. There is gap in their knowledge what they know and what is in the reality about rural consumers. That is why products are getting failures in rural markets.

#### CONCLUSION

Some facts and figures presented here present picture of rural marketing this also presents certain areas of further attention. According to estimates by NCAER based on a 7 percent GDP growth (assumption) shows that the number of poor households will shrink by half to 28 million from 61 million, whereas the middle income households will double and rich households will treble over the decade in rural India. This upward push, taking rural people from poverty to

prosperity, will lead to increasing purchasing power. Today's non-consumers comprising the rural poor will enter the market as the first time buyers in large numbers. Getting a larger share of the growing rural pie, will call for a radical shift in management thinking, from gross margin to high profit, from high value unit sales to a game of high volumes, capital efficiency and from the one-solution-fits-all mentality to market innovation. But to achieve this all major should be on milk production per animal which is much lower with respect to developed world'. Maybe another booster could FDI in this sector also. Companies are taking specific initiatives to succeed in the dynamic rural market. The CEOs are articulating a strong commitment to rural market and the marketing team is giving focussed attention and sustained support to this growing market segment but certainly trained manpower still needs infusion in this sector too. Rural marketing should be treated as separate thrust area of work, the way export market is. The more researches are being conducted to understand rural consumers better and generate more reliable data on the rural sector as such existing data is scarce. India is a vast country with several language and regional behaviour variation, so it needs attention in developing rural communication strategy. The next big marketing revolution in the world is going to happen in the rural India and corporate are likely to be involved in this venture.

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