



Indian Rural Market: Opportunities and Challenges

Dr. Ajay Kumar Asthana

Associate Professor
Dept. of Economics
S.M. College Chandausi

Abstract

There is no denying the reality that the rural market in India is rapidly growing to become the country's primary economic driver. Recent years have witnessed a paradigm shift in consumer preferences in rural marketplaces. Consumer habits and tastes in the countryside are shifting to become more like those of city dwellers. One of their goals is to upgrade their product selection to include more name-brand, higher-quality items. About 70% of India's population lives in the country's rural areas, making up about 850 million customers who account for about half of India's GDP.

Key words: Rural market, Consumers, FMCG.

I. INTRODUCTION

Flagship rural programmes of the Indian government, such as MNREGA, PMGSY, etc., have unquestionably helped rural India. The steady expansion of the economy since economic liberalisation has allowed the Budget to set aside money for these programmes. Yet, it's fair to wonder if a nation can truly claim to have "emerged" if it hasn't provided for the majority of its residents' most fundamental needs. There are enormous issues that cannot be ignored, such as the unequal distribution of wealth caused by the economy's structural flaws. Despite the undeniable fact that India is making rapid advancements, the question of whether or not Bharat has yet to have its own "Obama moment" can be debated in the country's academic ivory towers.

The definition of "rural" is provided, followed by an expansion on some of the most important opportunities and challenges. The census of India, the Reserve Bank of India, and others has all provided definitions of the term "rural." The most popular definition, based on the census, describes not what is rural, but rather what is not rural.

Census of India: Definition of Rural

Town - Areas which satisfy the following criteria:

1. Minimum population ≥ 5000
2. Population density $\geq 400/\text{sq.km}$.
3. 75 percent of the male population engaged in non-agricultural activities.

Rural - All other areas which can't be defined as a town.

Reserve Bank of India

A rural area is defined as one with a population of 10,000 or less.

Companies in the private sector use their own criteria to characterise the rural market. When it comes to methods, they choose the ones that work best for them. Therefore, there is a great deal of ambiguity because many government and non-government organisations use different criteria to define what constitutes rural India. As a result, we can't get the high-quality data we need to understand our customers. There is a pressing need to standardise the criteria used to classify a certain location as either rural or urban.

CHARACTERISTICS OF RURAL MARKETS

Large number of consumers:

A whopping 70% of India's 1.3 billion people call rural areas home, as reported by the census taken in 2001. The rural population is growing at a faster clip than the city's. More than a hundred thousand villages are home to the country's dispersed rural population. Despite their dispersion, the rural population represents a substantial opportunity for advertisers.

Occupation pattern:

The rural and urban labour markets look very different from one another. Professionals, skilled workers, semiskilled employees, and unskilled labourers all coexist in urban areas. The pursuit of knowledge and the acquisition of new abilities allow for the development of a specialised expertise. Although farming has historically been the main source of income for those living in rural areas, many individuals are now leaving the industry in favour of more lucrative but less physically demanding alternatives. As more people in rural areas gain access to modern technology, skill development in those areas improves. Both agricultural output and agricultural employment are declining. The service industry is where the growth has been most noticeable. The manufacturing sector has grown, though at a much slower rate. Jobs in blue collar industries (mainly industrial and service employees) are growing much more quickly in rural areas than in cities.

Literacy level:

According to estimates, the literacy rate in rural areas is rising faster than in major cities. The ability to read and write is crucial for keeping up with the rapid pace of technological advancement. The difficulty of communication in rural areas is exacerbated by the fact that as many as 16 major languages are spoken there.

Low standard of living:

There is a low standard of living in countries with low incomes, little purchasing power, and general social and economic backwardness. The average rural consumer spends less money on non-food products than their urban counterparts.

Media reach:

Low levels of media penetration are seen in rural communities. Statistics show that television (at 31%), radio (32%), and movies (at 36%) all have larger audiences than newspapers (10%). Therefore, the marketer needs to think about how to reach villagers through media and methods of promotion that are unique to the rural environment.

Transportation facilities:

About half of the marketplaces do not have access to a road system. Most roads are kachha and become impassable during the wet season. Most farmers still employ the time-honored method of delivering goods from the hamlet to the market via bullock cart. Traveling by this method takes a lot of time.

Rural electrification:

The primary goal is to provide access to energy for farming and other small-scale industrial uses in rural areas. There are now more electric motors, pumps, and agricultural machines needed because 77% of villages now have access to electricity, which serves about 5 lakh communities.

Medical facilities:

Unfortunately, the village's medical facilities are sorely lacking, forcing residents to travel great distances to get treatment.

Distance:

Many of the conveniences of city living can be found in even the smallest of villages. The more rural and remote the area, the more traditional the inhabitants. Rural and informal forms of media. These media's extensive readership and potential for one-on-one interaction will be crucial in accomplishing the advertising goals. Some of the most essential media and strategies that businesses are adopting to address the unique needs of rural communication are outlined below.

Group meeting:

Interpersonal communication is aided greatly by gatherings of rural clients and potential clients in large numbers. Through gatherings like these, the corporation may reach a wide audience with its message about the products' advantages. Businesses such as banks and suppliers of agricultural products and gear regularly hold meetings in rural areas, attended by a large number of their most valuable customers. Bank representatives travel to a certain community, gather the locals in one location, and provide an overview of the available options. Consumer durables and two-wheeled vehicles might both benefit from promotional events of this type being held in rich rural areas. So, MRF Tyres, for instance, organises tractor owner meetings in rural areas to talk about tractor upkeep.

Opinion leaders:

When deciding whether or not to buy a product, villagers put more stock in the opinions of those who have already tried it. Someone with authority in an area is looked to for guidance and their opinions are often taken seriously. Big property owners, bankers, the head of the local community council (panchayat), educators, extension agents, and other influential people could all fall into this category. For instance: a) Mahindra Tractors employs bankers as product opinion leaders.

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