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Email: nairjc5@gmail.com, info@nairjc.com Website: www.nairjc.com



PROBLEMS AND PROSPECTS OF RURAL MARKETING IN INDIA

DR. ANIL KUMAR JHA*

*Assistant Professor, Dept. of Commerce M.L.S.M. College, Darbhanga (Bihar). L.N.Mithila University,
Darbhanga

INTRODUCTION:

Marketing can be defined as the process of identifying, anticipating and knowing customer needs, and organizing all the resources of the company to satisfy them. Satisfying the customer's need is primary condition of marketing and essential for existence of any organization. In order to achieve marketing goals, knowledge of consumer behavior is must. The consumer's behavior comprises the acts, processes and social relationships exhibited by individuals, groups and organizations in searching, obtainment, use of, and consequent experience with products and services. An understanding and knowledge of the motives underlying consumer behavior helps a firm in seeking better and more effective ways to satisfy its customers. It helps to select appropriate sales and advertising strategies, and to plan marketing program in a more efficient manner.

The rural market of India started showing its potential in the 1960s. The 70s and 80s witnessed its steady development. And, there are clear indications that the 21st century is going to see its full blossoming. In our country, where research on consumer behaviour has been nominal, not much systematized information is available about the rural consumers. Only a few enlightened companies, known for their marketing orientation, viz., Hindustan Lever, Philips India, Asian Paints, Singer and Larsen and Toubro have made concrete efforts in this direction. But we have still to understand the rural buyer, his habits, attitudes and behaviour, particularly from the marketing point of view.

Many assumptions prevail about rural marketing. For instance, one assumption is that the rural buyer is not very discriminating. Once he is persuaded to buy a particular product, he develops a strong affinity for it, and if satisfied, becomes brand loyal. As a result, Indian manufacturers are generally known to prefer selling fewer items at higher prices than selling more items at lower prices. A contrary view is that the rural buyer, being suspicious of the marketer's hard sell techniques, is quite discriminating, and is not easily persuaded. Yet another assumption is that the rural buyer is not particularly keen about quality and packaging. Some other



assumptions can be quoted. But, all these need deep probing for arriving at valid and reliable conclusions. Consumer research, thus, is indispensable for entering the rural segment of the market.

India is basically an agrarian society where sole dependence is on agriculture. The rural marketing has a dominant theme of agricultural marketing which mainly focuses on the marketing of agricultural produce and agricultural inputs like fertilizers, pesticides, seeds and farm machinery. There is a close relationship between the two, means the greater the agricultural development in the area greater the rural market. Marketing is the process of identifying the needs of consumers, working accordingly, and satisfying the desires of consumers in such a way that a draught of put in many brings back maximum returns .Prof. Harry L. Herman observes, “marketing is the process of discovering and translating consumer needs and wants into product and service specifications, creating demand for these products and services, and then, in turn, expanding this demand”. The traditional marketing was limited to make the goods available at places where they were needed. But now the marketing has sustained a surprising change from the pristine barter system to the present day management oriented approach of marketing. India lives in her villages. The government agencies such as IRDA and NCAER define „rural“ as “a village with a population of less than 5,000 with 75 percent of the male population engaged in agriculture etc.” National Commission on Agriculture defines, “rural marketing as a process which starts with the decision to produce a salable farm commodity and it involves all the aspects of market system, and includes pre and post harvest operations, i.e. assembling, grading, storage, transportation and distribution.” The main aim of rural marketing is to develop the rural areas by providing right product at the right price to right people at the right time or generally we can say by opting with the marketing mix strategies, i.e. 4P's (Product, Price, Place and Promotion). Agricultural marketing is a process which takes the produce from farm to the consumer. It involves the various activities such as planning production, growing and harvesting, grading, packaging, warehousing, transport, agro-food processing, distribution, advertising and sale. Agricultural marketing is necessary as the agriculture is a prime occupation of the population living in India.

Marketing for agricultural produce is beneficial to the farming community from the new global marketing opportunities, to make integrated and strengthened agriculture marketing system in the country. The rural marketing depends on agricultural produce. In order to add suing to lucrative agriculture farming we need to adopt adept marketing strategies.



Nature and Characteristics of Rural Market

The various studies have been made by the scholars and experts on the several aspects of agricultural rural marketing in India. They have made various attempts to analyze its impact on the economy. The findings of the researches conducted by the different scholars in the field of the agricultural rural marketing reviewed to discover the gap.

Problems of Rural Marketing in India

The agricultural marketing in India faces several problems in marketing of agricultural produce. Hence the government of India has taken various steps to bring about revolutionary change in agricultural by establishing APMCs (Agricultural Produce Marketing Committees), co-operative societies, information centers, Kisaan call centers and other institutions which provide services to farmers and to regulate the markets but still many problems are being large as follows. The main problems are:

Problem of multiple languages

The languages and dialects vary from region to region this type of distribution of population warrants appropriate strategies to decide the extent of coverage of rural market.

Prospects of the Rural Sector Rural Marketing in India

Liberalization, privatization and globalization have shown incredible change in the economic set-up in India. The concept of 'distributive handling' changes and it reinvented as agricultural produce in bulk and who wants to buy differentiated, graded, standardized, processed and packaged products rather than undifferentiated products. Therefore, globalization has great impact on the all sectors especially, in agriculture i.e. agricultural marketing. The future prospects will be improved if some recommendations are considered which are as following:

STATUS OF RURAL MARKET

The market scenario in the rural areas today is changing very rapidly. Rural consumers demand branded products mainly because of increase in disposable income and literacy level. Rural families do not like to cut their expenditure on weddings, pilgrimages, constructions and consumptions. Rural consumers



have more aspirations, today this segment of buyers consumes large variety of products, both durable and non-durables and willing to pay right price for right products.

RURAL URBAN DEMAND

The rural market in India is vast and scattered and offers a plethora of opportunities in comparison to the urban sector. It covers the maximum population and regions and thereby, the maximum number of consumers.

PROBLEMS IN RURAL MARKETING

There are many problems to be tackled in rural marketing, despite rapid strides in the development of the rural sector. Some of the common problems are discussed below:

Transportation

Transportation is an important aspect in the process of movement of products from urban production centers to remote villages. The transportation infrastructure is extremely poor in rural India. Due to this reason, most of the villages are not accessible to the marketing man. In our country, there are six lakhs villages. Nearly 50 per cent of them are not connected by road at all. Many parts in rural India have only kachcha roads. During the monsoons, even these roads become unserviceable. Regarding rail transport, though India has the second largest railway system in the world, many parts of rural India however, remain outside the rail network.

Communication

Marketing communication in rural markets suffers from a variety of constraints. The literacy rate among the rural consumers is very low. Print media, therefore, have limited scope in the rural context. Apart from low levels of literacy, the tradition-bound nature of rural people, their cultural barriers and their overall economic backwardness add to the difficulties of the communication task. Post, telegraph, and telephones are the main components of the communication infrastructure. These facilities are extremely inadequate in the rural parts of our country. In rural areas, the literacy percentage is still low, compared to urban areas. In India, there are 18 recognized languages. All these languages and many dialects are spoken in rural



areas. English and Hindi are not understood by many people. Due to these problems, rural consumers, unlike urban consumers do not have exposure to new products.

Availability of Appropriate Media

It has been estimated that all organized media in the country put together can reach only 30 per cent of the rural population of India. The print media covers only 18 per cent of the rural population. The radio network, in theory, covers 90 per cent. But, actual listenership is much less. TV is popular, and is an ideal medium for communicating with the rural masses. But, it is not available in all interior parts of the country. It is estimated that TV covers 20 per cent of the rural population. But, the actual viewership is meager. The cinema, however, is a good medium for rural communication. But, these opportunities are very low in rural areas.

Rural Markets and Sales Management

Rural marketing involves a greater amount of personal selling effort compared to urban marketing. The rural salesman must also be able to guide the rural customers in the choice of the products. It has been observed that rural salesmen do not Properly motivate rural consumers. The rural salesman has to be a patient listener as his customers are extremely traditional. He may have to spend a lot of time on consumer visits to gain a favorable response from him. Channel management is also a difficult task in rural marketing. The distribution channels in villages are lengthy involving more intermediaries and consequently higher consumer prices. In many cases, dealers with required qualities are not available.

Market Segmentation in Rural Markets

Market segmentation is the process of dividing the total market into a number of sub-markets. The heterogeneous market is broken up into a number of relatively homogeneous units. Market segmentation is as important in rural marketing as it is in urban marketing. Most firms assume that rural markets are homogeneous. It is unwise on the part of these firms to assume that the rural market can be served with the same product, price and promotion combination.



SCOPE OF THE INDIAN RETAIL MARKET

The scope of the Indian retail market is immense for this sector is poised for the highest growth in the next 5 years. The India retail industry contributes 10 % of the country's GDP and its current growth rate is 8.5 %. In the Indian retail market the scope for growth can be seen from the fact that it is increased to US\$ 608.9 billion in 2009 from US\$ 394 billion in 2005. The organized retailing sector in India is only 8 % and is expected to rise to 25- 30 % by the year 2012. There are under construction at present around 325 departmental stores, 300 new malls, and 1500 supermarkets. This proves that there is a tremendous scope for growth in the Indian retail market. The growth of scope in the Indian retail market is mainly due to the change in the consumers' behavior. For the new generation have preference towards luxury commodities which have been due to the strong increase in income, changing lifestyle, and demographic patterns which are favorable.

STATEMENT OF THE PROBLEM

For a retailer, it is very difficult to retain the potential buyer. Because the buyers are scattered according to their convenience of purchasing. In order to keep possession of their sales volume, the retailer has to face a stiff competition in the retail business. Majority of functions have to be performed by owners themselves due to limitation of resources. So the researcher made sincere attempt to identify the Problems and Prospects faced by retailer in India, during the course of starting and managing their enterprise.

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**Address:- Dr. Ashak Hussain Malik House No-221, Gangoo Pulwama - 192301
Jammu & Kashmir, India**

Cell: 09086405302, 09906662570,

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Email: nairjc5@gmail.com, info@nairjc.com

Website: www.nairjc.com

