



RURAL MARKET IN INDIA AND IT'S STUDY: OPPORTUNITIES AND CHALLENGES

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ABSTRACT

Management Guru Mr.C.K Pralhad's thought – In the process of expanding the market, it is said to be true that bottom of the pyramid at their future lines explores the rural market by grabbing an opportunity. Any of the (FMCG) Fast Movable Consume Goods in have decided very strictly, not to lose the opportunity as the companies of FMCG are drastically growing in the market with size of over Ts. 110,000 crore and there are also possibilities for FMCG to grow till Rs. 185,000 crore which comes to around (\$ 37 billion) US dollars by the year of 2014 as the FMCG is the fourth largest in the economic sector.

Wide range of opportunities exists in rural market ex: startup markets, population in large numbers, making a first move in the market, with the available resources, many possibilities to enter into new markets, simultaneously these markets also create few challenges as well. Markets which have been growing rurally proved to be very significant. It has also become an very crucial aspect for different telecom operators in India.

Narrow population is a peculiar feature located at distance between each other, diversification, literacy rate which is very low, restricted purchasing power, rural consumers and their cash flow which is periodically proved to be not as interested as expected. Coverage of rural markets widely can help companies through various strategic marketing techniques which raises the scope of win-win situation and the techniques are: pyramid's bottom, mode availability of 4A's, acceptability, affordability (who can afford), providing awareness and marketing strategies which are innovative and adopted.

Rural markets are volume game rather than value game. This Paper tries to understand what rural markets are? Their traits, importance and challenges faced by the companies while penetrating these markets. Various observations have been described in this article and different contemporary systems initiated by FMCG (Fast –moving consumer goods.)

Key Words: Rural, Urban, FMCG, Cyclical cash, innovative, disposable income.

**INTRODUCTION:**

Market point of view which is rigorous, market structure in our country are divided into two different branches (rural and urban markets. But many do not coincide with this view as they oppose consumer everywhere is a consumer hence their requirements, eagerness, beliefs and character are also found to be common. .

A true fact says, there are certain common features which are peculiar, differently developed strategies of marketing which suits the urban and rural market behavior. Existing conditions in metropolitan markets as per this context can also be analyzed as per the current situation.

Primarily, level of saturation can be seen very clearly upon metropolitan markets by tapping them with huge profitable margin which has become a very tough task.

Regarding the promotional expenditure and its heavy costs which incurs too many firms of urban markets have been compelled which has become a tougher one at the second stage. Product features have to be changed often and importance of awareness to provided to urban consumers by considering it as a high priority at a very third stage.

It will be pointless to say this process needs a huge investment which will have a negative impact on profitability.

Thus, except perhaps for easy reach the metropolitan markets have become as oasis.

OBJECTIVE OF THE STUDY

1. To know the Agricultural Market status in India
2. To analyze different Rural Marketing Strategies adopted by the business units
3. Marketing in Metropolitan areas in finding out the available opportunities and challenges to be faced

DATA COLLECTION**SECONDARY DATA**

Sources of data is available published and unpublished articles from Journals, websites and textbooks

Data is collected from various advertised and un-advertised articles from various Journals, websites and textbooks.

RURAL MARKET STATUS

An observation is found that situation of the market is seen to be changing very rapidly in rural areas. Within no time and in very few seconds we see technical changes, boundaries have been disappeared, future of many organizations and their standards have also come down, which is not a good sign. No interest was shown by rural families when their expenditure was cut down related to the consumption.

Right price will be paid for a right product based on their own set of aspirations, which is well said by CEOs of rural



marketing. Majority population in villages of tier-III, tier-IV

"The rural India has cash in hand and is not bound by EMIs or loans. With the majority of our population based in tier-III, tier-IV cities and villages, it is the right time to penetrate into rural markets".

Inspire of knowing math, no consumer will look for the product which comes at a very low cost even in the village. The way they define value is similar to the urban consumers." They have enough income sources related to different brands, quality oriented service to customers, aesthetics and products. Now a days there is a huge demand for T.V.s., vehicles and many more.

There are three fastest selling categories mostly used in rural market.

A proved fact says that the 1.5 billion population of South Asia who stay in villages, related towards The fact that the majority of South Asia's population is about 1.5 billion resides in villages point towards the requirements of marketers and also to have thorough understanding about markets in rural areas which are a large one, population in those rural areas will be near to 740 million..

According to the poll conducted in 2001 in India, population in rural areas was close to 73% in India. Right from the time India got the freedom of Independence countries population 70% were staying in rural areas, population growth in India has come down gradually, according to the latest polls. As per the latest polls out of 121 crore Indians, 83.3 were living in rural areas and the population staying in urban areas were 37.7, a statement given by Census of India in 2011, in the country the population of related to Provisional Population in Rural and Urban Distribution. , released by Union Home Secretary RK Singh. Population is more in urban areas comparing to rural areas, this was observed for the first time following the Independence of India. Census commissioner and Registrar General of India C. Chandramouli stated population in rural-urban distribution is 68.84% and 31.16 respectively of 2001.

31.16% urbanization was increased as per the census in 2011 where as the it was only 27.81% according to the census, at the same time percentage of rural population has come down from .19% to 68.84%. 70% of the Indian population was staying in the areas which were not developed and the consumption was 56% which comes from those areas. Indians population staying in rural areas are not less to the countries urban society.

Income was increased for non-farm employment opportunities, aiming high and the rural markets were majorly driven by the rural sustainability schemes were mainly focused by Government.

Investing on Rural areas proved to be very important and was very high at Rs. 3,75,000 crore, (US\$ 67.57 billion) compared to urban consumption at Rs. 2,99,400 crore (US\$53.95) this was an analysis between the 2009-2010 and from the year 2011-2012, when the data was primarily released from 2011 – 2012 by the (NSSO) National Sample Survey Organization as a part of observation by CRISIL 2% of urban counterpart was individually by the consumption in rural areas.

In young population provincial markets were also the targets which were not so hard to achieve, increase in income and low piercing of different durables of consumer suggest it is enough source of demand which is very strong.



Strategy of consuming in backward areas is an open witness in shifting from requirements to the un restricted products. If we observe from the year 2004-2995 26% of households staying in rural areas own a television and one person in two household own a mobile phone which has become like an common necessity which was disclosed as per the survery.

As per the observation by Boston Consulting Group (BCG) against the peers in urban lands. People staying in tier-4 towns are spending huge amount on superior products. India Inc. is definitely determined to tap higher ambitions and the urbanizing consumer in smaller towns.

UNDERSTANDING RURAL MARKET OF INDIA

Indian Rural markets are now playing dominating role in the urban market in terms of demand and potential.

Population in rural areas is close to three times of the urban market. As there is increase in the literacy rate in the rural areas, it is leading to urbanizing slowly which also led to the exposure to global trends. It's showing interest in branded products and services. Quality was the major aspect which was given top priority in comparison with price of the product.

The winds of liberalization removed barriers and presently, many nationals and internationals manufacturers have made a path-way into different markets. The rural market is becoming day-to-day attractive because of its size and growth of population and households despite the exodus by migration to metropolitan areas. About 68.84% or 833 million people are staying in rural areas, consisting over 40% of the Indian middle class, and about half the country's disposable income.

Opportunities of job have been because of the agricultural economy shifted to manufacturing and service economy and this development has been resulted into increasing job opportunities, income and demand for goods and services in metropolitan The growing rural economy presents a vast space of opportunities to consumer and industrial markets.

Various interests and scope of opportunities in the form of attractions have been offered to the marketers by rural markets, within a short span of time, it was not an easiest way in entering to the rural markets and also in taking particular share of the market. Having a very sizeable share in the market and entering into the rural markets has been a difficult task because of the literacy, income which were very low, problems and demands of transportation as well as the communication

Further, there are various groups based on religion, caste, education, income and age and there is also a necessity to understand the markets in backward areas in terms of buying behavior, attitudes, beliefs, and aspirations of people. The merchants have to understand the characteristics, and developing an applicable marketing mix to meet these challenges.



Furthermore, corporations with long-term plans and large aligned commitment to the markets in rural areas will only be successful in the rural market exploration. Marketers require perceptive of the current situation in which corporations have to operate to deliver products and services, which is given below in the following tables.

Growth of population (in %)

	1991-2001	2001-2011	Difference
Overall	21.5	17.6	-3.9
Rural	18.1	12.1	-5.9

Sources: census of India

The overall drop in the growth rate at national level is -3.9%, whereas at rural levels, it's -5.9%, which is higher than the national level.

Downfall in the comprehensive growth rate of population is because of the drastic downfall in the growth rate in the rural areas.

Number of Rural villages in India

2001	6,38,588
2011	6,40,867

Source: Polls of India

Out of the 1210.2 million people in India, the size of people in backward areas is 833.1 million which constituted 68.84% of total community of people as per survey in polls of 2011. During 2001-2011 the population in rural areas has been raised by 90.4 million, and the size of people living in villages increased by 2,279 in between 2001-2011. And according to the population survey 2001, the country had a total population of 1027million.

Out of which, the community of people staying in rural areas were aggregate about 72% of the people in rural areas. The percentage of the people in rural areas went down from 1951 onwards, in 1951 the aggregate percentage of people in rural areas constituted 82.60% and then in 1961, about 82.00%. Afterwards in 1971 the rural populations was aggregately 80.10% and in 1981 constituted 76%., whereas in 1991 the rural population constituted about 74.30 % (percent) of the entire population. Decade wise (1951-2011) population in the metropolitan areas seen to be increased as per the ratio in comparison with the people staying in rural areas.

Increasing demand can be seen of consumable and non-consumable goods in huge size of people staying in rural areas in big size, to enter into the rural market, this has a following trend.

Rural Literacy rate



Residence	2001	2010	Change
Persons	58.74	68.91	+10.17
Male	70.70	78.31	+7.87
Female	46.13	58.75	+12.63

Source: Census (Polls) of India

The speed of the rate in education particularly in female was evidently proved to be high in rural areas, 46.1% of literacy was increased in the year 2001 which was increased to 58.75% in 2011 in numbers.

In rural areas literacy rate of female proved to be very high comparing to male as per the polls survey polls in 2011. The feminine difference in education has drastically come down from in the year 2001 from 24.6% to 10.8% in 2011 in backward (rural) areas. The rural literacy rate rose from 24% in 1971 to 59% in 2001. Of course, the Indian government proposed the various programs in five year plan, but still there are variations in the literacy rates in India amongst different states.

And literacy rates also rose to 68.91% in 2011 from 58% in 2001. The government enacted the 86th constitutional change and added a new article 21A in which suitable system of learning, stated as a fundamental right. The government in duration started the different programs and providing financial assistance to the various states government for up gradation of education.

However, the rural population's awareness also becomes a dynamic appliance in this regard. Because of the requirement to provide facilities and make the females education compulsory in all the states, so that they can play greater roles in the advancement of the family and the community.

Regarding education levels, about 29% of the people staying in rural areas has studied up to level of primary schooling, 31% up to middle school, 21% up to matriculation, 16% are matriculates and only 3% of the people have graduate and postgraduate qualifications. If looking up the education promotion at different levels, the situations seems to be meager, and the scenario seems to change a bit little more since 2001 onwards.

In rural areas as the literacy rate was low, demands for goods was also low. However, change exists in villages nearby towns and semi-urban areas due to increase in education facilities. One of the significant factors is to bring an awareness about the goods which are consumable and non-consumable, which also plays a major in changing life style of people living in rural areas, as it is a major aspect for marketing strategy.

Estimates of Income

Details	Rural	Urban	All India
No. of earner	1.34	1.43	1.40
Income	51,922	95,827	13,018



Per capita Income	1,0227	19,935	13,018
Poverty ratio	21.7	18.7	20.8

Source: Census of India

Income distribution across population (population in Millions)

Annual income size	Rural	Urban
>1000K	11	4
500K-1000K	18	10
300K-500K	51	22
150K-300K	119	111
75K-150K	84	239
>75K	49	428

Source: Marketing White Book 2010

Income levels are fluctuating across rural and urban areas and across occupational groups. As Table provides the information that the number of people earning in urban households is higher than in the backward areas.

Annual income of families in rural areas in India on recent terms having Rs. 65,041 and on rural counterpart having Rs.51, 922 which is comparatively lowers than the urban counterpart. The per capita income of rural households is about half of the urban households. The ratio of the people living under the poverty line is over and above in rural areas when it is to compared to the people staying in metropolitan areas. Table shows a pyramid of different income levels.

As the lowest pay reinforcement shows less than 75,000 per annum consisting of 428 million people in the rural or the backward areas and 49 million people in the urban areas. Mainly two observations emerged out of these data; firstly, rural population are also spread across different income categories like their urban counterpart, and secondly, excepting the lowest two categories, the range of the population staying in rural areas is less than the urban areas.

The majority of the families in rural areas belongs to the sector whose income range is low, the percentages of low-income group is more in rural areas. This is going to be a big difference for the tradesman in applying different approaches of marketing in rural areas and urban areas. It is predicted that the people being with lowest pay class, might shrink by more than 60 percentages and the higher income group almost double by 2015-16.

Salaries or wages being paid to the lower or middle class people goes on increasing and thus it offers the great opportunities for the tradesman to enter into the rural market by keeping in mind the income factor. It seems there is huge distinction in rural areas, as the top household income is seven times that of the bottom profile. 14% of the top



income is related to the rural families have the highest (40%) contribution to the total rural income, whereas the contribution is least (8%) for one-fourth households in the bottom income rural households. The top income household translates to 217 million rural consumers, 60% of the income was contributed by the families staying in rural areas.

Occupational pattern of Rural

Sources	Rural population
Agricultural	60.29
Agricultural wager	17.11
Business and craft	7.20
Non-agricultural wager	6.40
Salaries	3.0
Current transfer	2.5
Others	4.5

Source: NSSO

Its primary activities – agriculture, animal husbandry, fisheries, forestry and artisan etc—account for half of the national income.

Table 7 shows that the self-employed in agriculture, followed by the laborers, comprises the largest group in backward or rural areas, accounting for 78% of the people. In other words, they are the average rural households. . It means about 60% of the people staying in rural areas own or lease land to cultivate it for their livelihood. Another 18% are dependent on these cultivators for jobs as agricultural labors.

The remaining 22 percent of the people are non-agricultural laborers engaged in poultry, forestry, fishing, hunting and plantation, services and others. This implication of this type of occupational pattern is that the income generation in rural areas totally depends upon how the land is used, what crops are cultivated, how much is marketed, how much is consumed, and the marketing arrangements for the production.

As observed form the table, that 77% of the income is generated by the people from rural areas is from agriculture and agriculture -related activities. And the income generated by rural areas is mostly depended on the monsoon/rains, if the rainfall is adequate and weather conditions are favorable, rural people will prosper and it found out a great impact on the crops production in almost all the states in India. Nearly 40% of the rural families do not possess any land while thirty percentages own 0.1 to 2 acres of land. The average size of families as well as the



average of the income contributed by rural areas households is positively related to land holdings.

Average incomes and size of the families is measured as follows: income: 8409 and average income of the areas is: 4.68%. In case of large-size holders, the figures are 6.42 and Rs. 19,666 respectively. Agricultural growth has been directly tied up with the income of the rural consumers and their prosperity and discretionary income, it was also proved with evidence, which directly results in increased salaries or wages for the rural people and a consequent increase in their capacity to spend.

Another dimension what we need to observe in respect to the arrangement if income is agriculture domination, more seasonal terms in respect to rural areas are rural income and rural demand.. India is now taking a different turn on prosperity in rural families. At the same time this turning curve is also significant for the traders in studying thoroughly from the challenges point of view and from opportunities point of view.

It can be observed that 70 % of the holdings account for about 25% of the entire agricultural land, while the balance 30% of the holdings accounts for 75% of land. From the time of land distribution is uneven, the income distribution is also uneven. Which means the population in rural areas consists mainly of a huge range of small customers or families in lower income groups compared to the various households with higher income? If we take a look from the marketing point of view, it is important for marketing of seeds, fertilizers, and pesticides and others good and products, irrespective of the holding and its size, there is a demand.

As per the Census (polls) of India, municipality was not formed for villages with clearly surrounded boundaries, as well the corporation and the board also, thickness in population is not more than 400 Sq. Km, and 75% population of the male was engaged in working with agriculture and connected activities will fall under backward areas. It states clearly, there are 5,85,764 villages in the country. Of these, only 0.5 percent has a population above 10,000, and 2 % have a people between 200 and 1000, and another 18 per cent has a population less than 200.

Consumer durables companies which fall under (FMCG) Fast Movable Consumer Goods any areas between 20,000 and 99,999 population, is called as a rural market. As per their opinion it is not a backward India, which is said as a backward, towns which comes under are Class-II and III are called rural.

As per the Census (polls) in 2011, cities as well as towns are broadly classified as follows:

Class I: 100,000 and above

- Class II: 50,000 to 100,000 people
- Class III: 20,000 to 49,999
- Class IV: 10,000 to 19,999
- Class V: 5,000 to 9,999



- Class VI: Less than 5,000 persons
- Population List
- >5,000,000- Megacity
- 1,000,000-4,999,999 - Metropolis
- 500,000-999,999 - Sub-Metropolis

According to the 2001 census, there are over 5,161 towns and cities in India. Of these, 35 are metropolitan cities (population of 1 million plus), home to 37% of the urban population or around 108 million people. Next come the 388 large towns or Class I cities with populations ranging from 1,00,000-10,00,000. These are the most populous with around 68.9% of the total urban population. The rest live in the 4,738 Class II towns with population of less than 100,000.

According to the 2001 census, there are 4,378 towns and cities in India. Of these 35 are metropolitan cities (population of 1 million plus) that are included in the total of 393 Class I cities with population exceeding 1,00,000. Together they account for 108 million of the urban population of 285 million. The rest live in towns with population of less than 100,000 going down to just 5,000.

Major challenge of urban areas of India is not having developed infrastructure,

While urban India as a whole, faces huge problems, particularly of infrastructure, in supporting population, the unacceptable point is 4,738 urban centers that have to contend with the absence of basic services, inadequate new investment and entrenched poverty.

IMPORTANCE OF RURAL MARKETS:

There is no scope to overlook the market of FMCG goods; the strong reason is 12.2 percent of the population across globally is presented in the villages of our country.

Focusing continuously on farm sector, will lead to the rise in rural income, which also leads to the better growth of Fast Movable Consumer Goods sector. There is a possibility in improvement supply chain, if the facilities of infrastructure are used in a better way. It also benefits the FMCG sector because of the increase in demand. There is a wide scope which could be possible for the growth of FMCG as the average consumption of all the products are low.

In the year 2010, in order to bring up the purchasing power in our country, companies have to focus on the mindset of consumers; they should be able to change their thought process of consumes due to which customers should starting selecting branded products and divert their minds towards products of current generation, they would be able to generate higher growth in the near future.

In respect to FMCG total consumption, 66% is accountable by urban areas of India, remaining 34% is accountable from agricultural areas of India, at the same time 40% is accountable by rural India in consumption categories such as personal care, fabric care and hot beverages like Tea and Coffee, a point to be observed that goods which keep growing at pace at reasonable rates which also includes products like skin care, including skin care, household care and female hygiene products.



If we look at the food segment, as per the observation, processed foods, bakery items and dairy products have the scope of growth in long term in metropolitan as well in agricultural areas. From the perspective of rural India, percentage of (FMCG) Fast Movable Consumer Goods and consumer durable are 53% and 59%, these are the most selling products in rural areas of India. In India most of the 50% revenue of the 12,000 Crore is derived by the FMCG company HLL. For the companies like HLL, the crux is rural market.

Territories could not be explore much, due to the deep observations in the behavior of rural consumers. Other side, a detergent called “Ghad” which is a local brand in Kanpur has tapped most of the opportunities successfully in the rural market

FACTORS WHICH HAVE BEEN KNOWN AS LIABLE FOR EXISTENCE IN THE BOOM OF RURAL MARKET:

1. Increase in growth of population which leads to increase in demand.
2. Remarkable increase in the agricultural income due to agricultural growth.
3. Advancement in living standards of agricultural areas..
4. Huge inflow of investment for rural or agricultural development programs from different sources of government.
5. Due to the increase in contact of agricultural people with their metropolitan or city counter-parts due to advancement in transport and broad communication network.
6. Increase in literacy and educational level and resultant inclination to sophisticated lives by the rural folks.
7. Arrival of foreign remittances and abroad goods into rural areas.
8. Change in the land administration systems causing a basic change in the ownership patterns and indirect changes
9. Agricultural markets are not too fast in respect to the selection new products. This will help the organizations to step their achievement in marketing. To sell outdated products of inventories in metropolitan markets, this has been a easiest source.

AGRICULTURAL MARKETING AND ITS PLANS

Advancement of agricultural markets vary compared to other markets, at the same time, plans of agricultural marketing are different, more importantly from the marketing plans of metropolitan or industrial consumer.

This, along with several other related issues, have been subject matter of intense discussions and debate in nations like India and China and focus of even international symposia organized in these countries. Agricultural markets and agricultural marketing comprise a number of plans which includes following,

- Client & location specific promotion
- Joint or cooperative promotion
- Bunch of inputs
- Management of demand
- Advancement in marketing



- Unique selling proposition
- Extension services
- Business ethics

OPPORTUNITIES:**1. UNTAPPED POTENTIAL**

Identified potential at the introductory levels were having great scope and possibility particularly for renowned goods and offering services for consumers

An estimation says, out of 5 lakh villages in India, only one lakh has been taped so far, which goes on to indicate the market potentials of the agriculture market.

2. LENGTH OF MARKET SIZE AND CAPACITY

12.2% of the old population is the related size of the rural markets, which states clearly that customers living in rural areas in India are very close to 12.2%, rural household farm about 72% of total household constitutes a huge market by any standard

3. INCREASING INCOME

Programs or plans which were initiated in order to improve the economic condition of the agricultural areas have been very helpful. As the initiated programs were helpful in agricultural areas, henceforth the income is also seen to be increased at the same time, number of working days in occupation were also increased.

4. MARKET AVAILABLE IN ACCESSIBLE REGIONS

Acceptable fact is roads were not developed as expected, whereas the development of roads was made on the war-front in different regions, due to the development of roads, supplying products in those regions particularly in urban areas has been more accessible,

5. COMPETITION IN URBAN AREAS

As the urban markets have reached the saturation point, because of this they were able to create the required market conditions to different organizations, rural markets have become a target particularly while in search of greener meadows.

PROBLEMS & OBJECTIONS OF AGRICULTURAL MARKETS:**1. Barter system or Exchange of Services and Goods:**

This system is practiced In the developing country like India, even today the barter system i.e., exchange of goods for goods exists. This is a major obstacle in the way of develop-ment of rural marketing.

2. Underdeveloped people and underdeveloped markets:

Development of markets and people staying in rural or agricultural areas were the main focus by agricultural technology, throughout the nation technology could show much impact as it not up to date and the technology was not made as it can be understandable to the farmers. There are large areas and groups, who have remained beyond the technological breakthrough. Advantage of available new technology was not very near to the farmers who hold



the land in smaller size.

3. Shortage of useful physical communication facilities:

50% of the village populations in our country do not have the roads which suits to climatic conditions. An expensive factor in these villages is Physical communication. Many villages in the country toward eastern are not truly accessible during the season of monsoon. In addition, the tendency which is diffused of the population, the inadequacy of physical infrastructure like roads, the weak banking system, limited availability of credit facilities, and problems of storage infrastructure are additional challenges for marketers. These challenges need innovative solutions.

4. Poor Media coverage for rural communication:

Rural families in huge numbers own Television sets, radios and community radios as well.

Above mentioned media sources have been spread out as a technology to the people in rural areas. At the same time, media coverage was wide enough in rural areas related to marketing.

5. Many language and Dialects:

According to the state and the region wise, the language and the accent may also vary. Distribution of people in this way alerts appropriate plans in deciding the scope and coverage of rural market.

6. Market organization & staff:

Length of market organization and the people working in it is very important, to manage market system effective control. Organization which already exists and its setup peculiarly at district as well as block level needs to be strong in order to make the services on different characteristics being available to the farmers in time and it should also be easily accessible to them.

7. Other influencing factors in Rural Marketing

Few influencing factors are as follows: Natural calamities and Market conditions Pests and diseases, Drought or too much rains, Basic approach of cultivation, shortage of exact storage space which exposes grain to rain and rats, Grading, Transport, Market Intelligence Long chain of middlemen wholesalers and retailers Fundamental practices.

CHALLENGES FACED BY MARKETERS IN RURAL MARKET:

In the process of reaching the particulars of marketers effectively, markets in rural areas and rural customers have to face multiple challenges. As the opportunities have been developed very quickly in rural market we should not underrate any problems which would discourage for the planning growth of the rural markets. Due to these problems marketing efforts are constrained in several ways. Small villages are in large numbers which are not easily accessible because of the climatic condition. Rural consumers are far less homogeneous than urban consumers.

1. TRANSPORTATION PROBLEMS

Transportation infrastructure is quite poor in rural or backward areas of India. Roads were not constructed as



planned in 80% of the villages in our country and they are connected to well. It is going to be rally difficult without the transportation to process the marketing activities. Due to poor transportation facilities, farmers and marketers find it difficult to reach markets.

2. WAREHOUSING No facilities were provided to the communal as well the independent people in rural areas In the rural areas, there are no facilities for public as well as private warehousing. Marketers face problem of storage of their goods.

3. PACKAGING Packing is the much significant step of product processing. If the packaging cost is high, it will increase the total cost of products.

Cheap material should be used while packing consumer goods for the rural markets, as suggested. Containers could not compete with poly pack which have become much popular due to its lowest cost., this is one of the examples, A significant factor to be noticed is the package size, eg: package size should be modest.

4. MEDIA PROBLEMS

Media have lots of problems in rural areas. T.V. is a good means of communication to pass the message to the people staying in rural areas. Most of the people in rural areas are not benefited with different means of media, due to the lack of T.V.s and also lack of electricity in those areas.

5. SEASONAL MARKETING Drawback of marketing in rural areas is not having the requirements through season or for the entire year, because out of 100%, 75% income is based on seasonal. It was observed that there was a huge demand for consumer good during peak crop harvesting period, as this is the supported time for the rural people to earn considerable cash flow. Customer's behavior is the one which rules the earnings and demand at the same time marketing in rural areas is based upon the requirement of the rural people

6. LOW PER CAPITA INCOME Average earning of an area is lower in rural or agricultural areas compared to those in urban or metropolitan areas. As the primary asset is land holding pattern and it is skewed up, rural income which has to be distributed also skewed up. Because of this rural population presents an exceptional diversification which was spread across the villages.

7. LOW LEVEL OF ELECTRICITY Percentage of Education is very low in rural or agricultural areas when compared to urban areas. While promoting a problem may occur in respect to communication Because of the inefficiency and to some extent being immaterial of print medium, its reach ability is poor.

On another side, for the purpose of exploring excellent opportunities in rural or agricultural areas, traders have to cope up the various challenges before them like educating the rural or agricultural customers about the requirements and uses of the products. Retailers should help the rural customers in understanding difference of their products compared with competitors in the market, there is also a scope for buyers to involve in much more better way, it will be a pathway in building up a relation between customer and an organization perspective. All this can be achieved only with trust which is established.

Creation of trustworthy among agricultural people has become one of the major challenges in respect to various products. According to Sanjay Muthal, Managing Director, Nugrid Consulting, "Trust is another crucial aspect, rural



consumers are suspicious of urban market thinking. Rural consumers only buy from people they identify with."

8. LOW LITERACY RATE.

Percentage of Education is 71% when it is compared to literacy rate of 86% in urban areas. It gives problems in understanding the various technical conditions of the products. As the main source of income for rural markets is based upon demand of the agricultural situation. Variation can be seen in purchasing capacity of rural consumers which has been difficult to predict demand, this variation occurs because of the Agriculture which depends on the climatic conditions.

CONCLUSION:

Indian Rural Market play a critical performance as it provides great opportunities to the corporations to stretch their reach to nearly seventy percent of population. Rural market also benefits the rural economy by providing infrastructure facilities, uplifting the standard, and quality of life of the people resides in rural area. Ever since the trade in rural areas has become a popular terminal for every marketers but it's important to realize that it has lot of challenges and risk, therefore corporations should assess the obstructions as vigilantly as possible. A clear perceptive of rural markets and their step by step move towards are necessary to penetrate rural market. In order to develop marketing strategies and action plans, the corporations need to taken into account the complex factors that influence the rural customers buying behavior.

In bringing up the rural economy, several factors have played a major role, which are as follows: rising purchasing power, changing consumption pattern, increased access to information and communication technology, improving infrastructure and increased government initiatives

The marketers tune to their approach in respect to the rural customers in the coming years. In spite of all challenges which were involved in the rural marketing, the rural scene of rural environment is changing steadily in India.

Influencing the rural customers mind through developing by the expandable model has become a serious challenge and also in maintaining it consistently for a long period. Based on the demands of the rural markets, traditional and urban markets and their approach have to be localized.

Approach of rural markets which has been localized should be reachable to the rural consumers and more importantly it should be at a particular level, because of this there is a scope in the behavior as desired

Much regularly it was told that markets were not found, they were made. this is proved particularly in respect to the rural markets in India. Rural markets were an outstanding example of inventive markets. It is very clear, rural India is going to be a best platform in creating opportunities for any organization to tap. A point to be noted that there are serious challenges in handling the company

Few important factors in consideration of the rural customers' needs, a reliable distribution channel, and an effective marketing communication strategy to put their message across related to the rural consumers.

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