



## ROLE OF RURAL MARKETING AND GOVERNMENT IN THE DEVELOPMENT OF RURAL INDIA

**Shailender Kumar**

B.Com (university of Delhi), M. Com (Final), UGC Net, Department of Commerce, KUK

**Geetu**

B.Com Hons (University of Delhi), M. Com (Final) (kurukshetra University, Kurukshetra), Department of Commerce, KUK

**ABSTRACT** Sustainable Rural Development is vital to the economical, social, and environmental viability of nation. Rural development is essential for poverty eradication and to reduce the disparities between Urban and Rural market. A healthy and dynamic Agriculture sector and its ancillary activities is an important foundation of rural development. In the beginning of 1960s, Green revolution enhanced the pace of rural development. Rural market offers opportunities in the form of large untapped market, large population, increased disposable income, improved infrastructure, and new employment opportunities. To capture these opportunities, a special marketing strategy "Rural Marketing" has been emerged. In the present Scenario, Rural marketing has acquired a significant attention of marketers as 68.84 % population of India resides in 6,40,000+ villages (Census 2011). The Great value to be gained by coordinating Rural marketing initiatives that contribute to sustainable livelihood through efforts at the Global, National, Regional and Local level. Overall growth of economy has resulted into increase in the purchasing power of the rural community. The paper explains the concept of Rural marketing, opportunities and challenges faced by Indian companies, Rural marketing practices in India. It highlights the contribution of Rural marketing in National Growth (in terms of GDP), employment, and Export & Import and Budget 2018.

**KEYWORDS :** Rural market, Sustainable development, Operation green, Budget-2018.

### OBJECTIVE:

Majority of population of India lives in Rural area and is dependent on agriculture and its allied services which contribute 17.32% of GVA and is around 23.82 lakh Cr. INR. So it can be estimated that rural India is a huge market which cannot be ignored at all. Although, it is the responsibility of companies and government collectively to develop the Rural areas so that disparities between Urban and Rural market can be minimized and poverty rate can be reduced in Rural India. The objective of this paper is to understand the huge potential of Rural market, Challenges faced by rural marketers, and the contribution of Rural marketing in National growth, Employment and Import & export of India.

### RURAL MARKETING MEANING:

Rural marketing is identifying, exploring and identifying the needs and wants of the rural consumers. Rural Marketing is a promotion of a company's product in the rural market by using marketing strategies which differ from the urban market. A marketer has to implement separate strategies for connecting with rural customers and redesign combinations of the components of the marketing Mix relevant to rural area.

According to National commission on Agriculture "Rural Marketing is a process which starts with a decision to produce a saleable farm commodity and it involves all the aspects of market structure or system, both functional and institutional, based on technical and economical considerations and includes pre and post harvest operations, assembling, grading, storage, transportation and distribution."

### RURAL MARKETING IN INDIAN ECONOMY:

The rural economy is an integral part of the overall Indian economy. As majority of the poor reside in the rural areas, the prime goal of rural development is to improve the quality of life of the rural people by alleviating poverty through the instrument of self-employment and wage employment programmes, by providing community infrastructure facilities such as drinking water, electricity, road connectivity, health facilities, rural housing and education and promoting decentralization of powers to strengthen the Panchayati raj institutions etc.

In India, Rural market and Urban market, both are dependent on each other as the agricultural supplies viz. fruits, vegetables, flowers, milk, etc are offered by the urban market to rural market. The Ministry of Agriculture, The Ministry of Rural Infrastructure and NITI Ayog are the main governing bodies that formulate and implements the policy related to rural economy in India and its subsequent development for the overall growth of Indian Economy. In recent times, The mobility is enhanced between Rural areas and Urban areas because the social

infrastructure like school, hospitals, Govt institution, attract the people living in the Rural area. So, PUI was initiated to provide urban like amenities or facilities in rural area so that to reduce migration to urban areas. Marketers need to adopt different schemes for Rural areas like low prices, barter system, specialised goods like pesticides, swing machines, tractor, advertising in Fare, Road shows etc.

### RURAL MARKETING MIX:

The combination of 4P's factors is known as Rural marketing Mix namely ; (1) Product mix (2) Price Mix, (3) Promotion Mix, (4) Place mix.

- 1) Product Mix:** The products must be suitable to Rural customers like which is actually of use to them, the product which can be accepted by them. For e.g. Jeans or western dresses are not acceptable for Women in rural areas. According to them, this western culture ruins the traditions, customs, and culture of people residing there. Note that effectiveness of others decisions like Pricing, Promotion, and Place also depends on the product.
- 2) Price Mix:** Rural customers are most price sensitive. They are not that brand or status conscious. Low prices attract them but they need best quality of the products. So, generally marketer should fix low prices and provide discounts and rebates, credit and installment facilities or small packages of products can be introduced for rural market so that to make the product affordable for them considering their low level of income.
- 3) Promotion Mix:** Promotion is comparatively difficult in rural area as they do not have sources like Televisions, Websites, etc so to reach the masses of rural India, the sources of communication used are Radio, Billboards, Posters etc or Traditional methods can be used like to promote the product in Fare (Mela) or Puppet shows, festivals, public meetings, etc. The best method for promotion in Rural area is to generate word of mouth publicity through opinion leaders as to build up trust is a necessity.
- 4) Place Mix:** Physical distribution and channel of distribution should be decided carefully to ensure easy accessibility of products for Rural buyers. Mostly Rural Retailers and local producers deal directly with customers as they seem more trustworthy and loyal to buyers. Only one or two level channels are more suitable to serve scattered rural customers.

### Rural Marketing practices in India:

- 1) ICICI BANK:** ICICI bank customized their rural ATMs, so they can operate biometric authentication. ICICI rural ATMs are battery operated so that power failure is not issue.
- 2) BP ENERGY:** BP Energy sell smoke less, biomass run stoves (oorja) for rural market, priced attractively Rs. 675.
- 3) BANK OF INDIA:** Bank Of India introduced Bhumiheen credit cards for providing credit card facilities to landless farmers.

- 4) **NOKIA:** Nokia develop affordable mobile phones for rural market with unique features such as local language capabilities, present time/ call limits etc.
- 5) **PHILIPS:** Philips develop a TV "VARDAAN" for rural markets. This TV work on the voltage 90-270 volts.
- 6) **PHILIPS:** Philips developed 'free power radio'. This radio do not require power and battery. It runs on simple winding of level provided in the set. The price of this attractive set is Rs. 995.
- 7) **COCA-COLA:** Coca Cola provides low cost Ice-bones, that is a tin box for new outlets and thermocol box for seasonal outlets considering lack of electricity and the absence of refrigerators in rural areas.

**CONTRIBUTION OF AGRICULTURE IN INDIAN GDP**  
**1) INDIAN GDP FROM AGRICULTURE**

**TABLE NO. 1 INDIAN GDP FROM AGRICULTURE**



Considering the data of Indian GDP from Agriculture for the year 2015, 2016 and 2017, it can be observed that in January 2015, it was 5228.95 INR billion which declined to 5117.84 INR Billion in January 2016 which later raised to the maximum 5468.54 INR Billion in January 2017.

Comparatively it was 3066.94 INR Billion in July 2015 which declined to 3191.73 INR billion in July 2016 and raised to maximum 3245.21 INR billion in July 2017. This pattern shows that in 2017 the GDP was maximum from agriculture which can be possible by various factors like technological advancement, better rainfall and weather conditions and government Initiatives.

**2) Estimate Of GDP From Agriculture, Construction, And Manufacturing.**

**TABLE NO. 2 Estimation Of GDP From Agriculture, Construction & Manufacturing**

INDIA GDP	LAST	Q1/18	Q2/18	Q3/18	Q4/18	2020
GDP From Agriculture	3245	4489	3893	3231	5392	4130
GDP From Construction	2235	2212	2284	2247	2255	2530
GDP From Manufacturing	5355	5200	5090	5217	5095	4620

SOURCE: TRADINGECONOMICS.COM / CENTRAL STATISTICAL ORGANISATION, INDIA

As per Central Statistical Organisation, India, the expected GDP from Agriculture for the year 2018 is as follows: quarter 1: 4489 INR billion, Quarter2: 3893 INR billion, quarter3: 3231 INR billion, quarter 4: 5392 INR billion and the Expected GDP is 4130 INR billion by the year 2020.

It is being noticed that Agriculture sector is the Second main component after manufacturing sector in the contribution of Indian GDP. The expected contribution of construction sector and manufacturing sector in India's GDP will be 2530 INR billion and 4620 INR billion respectively by the year 2020.

**3) GDP Growth Rate And Annual Growth Rate.**

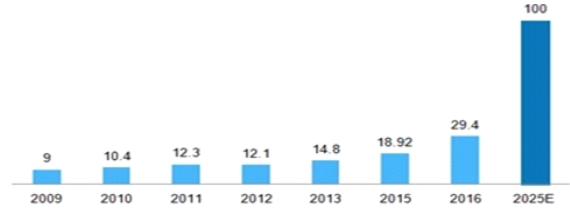
**TABLE 3. Table Showing expected GDP Growth Rate And GDP Annual Growth Rate**

INDIA GDP	LAST	Q1/18	Q2/18	Q3/18	Q4/18	2020
GDP Growth Rate	1.6%	1.7%	1.6%	1.4%	1.5%	1.3 %
GDP Annual Growth Rate	6.3%	6.7%	7%	6.6%	6.5%	5.7%

SOURCE : TRADINGECONOMICS.COM/CENTRAL STATISTICAL ORGANISATION, INDIA

According to Table 3, the annual growth rate of GDP was 6.3% in year 2017. Now, it is expected to raise to 6.7 % in First quarter of 2018 which will be increased to 7% in second quarter and it may decline to 6.6 % in Third quarter and again can be declined to 6.5 % in fourth quarter of year 2018. In the year 2020, it is expected to be 5.7%.

**RURAL SEGMENT QUICKLY CATCHING UP FMCG (in US \$ BILLION)**



**SOURCE- AC NIELSEN, TECHSCI RESEARCH, DABUR REPORT**

- The Fast Moving Consumer Goods (FMCG) sector in rural and semi-urban India is estimated to cross US\$ 100 billion by 2025
- The rural FMCG market is anticipated to expand at a CAGR of 17.41 per cent to US\$ 100 billion during 2009–25
- Rural FMCG market accounts for 40 per cent of the overall FMCG market in India, in revenue terms
- Amongst the leading retailers, Dabur generates over 40-45 per cent of its domestic revenue from rural sales. HUL rural revenue accounts for 45 per cent of its overall sales while other companies earn 30- 35 per cent of their revenues from rural areas

**CONTRIBUTION OF BUDGET-2018 TOWARDS RURAL DEVELOPMENT**

- 1). The Finance Minister of India, Arun Jaitley announced the launch of a “Restructured National Bamboo Mission with an outlay of Rs 1,290 crore” to promote rural income from bamboo cultivation. But the allocation for the coming financial year is just Rs 300 crore.
- 2). The Finance Minister spoke about helping the poor “fulfil the dream of their own house” and set a target of providing every poor person a house of her own by 2022. Jaitley said the government will construct 51 lakhs houses in rural India under the Prime Minister Awas Scheme this year and as many the next year. But the allocation for the scheme has been cut 5% from last year and pared to Rs 27,505. Its rural component has been cut from Rs 23,000 crore to Rs 21,000 crore.
- 3). Jaitley announced the creation of a Fisheries and Aquaculture Infrastructure Development Fund and an Animal Husbandry Infrastructure Development Fund with a total corpus of Rs 10,000 crore. But the actual allocation in the Budget is just Rs 47 crore.
- 4). Finance minister announced a Rs 2,000-crore Agri Market Infrastructure Fund for developing nearly 22,000 rural Haats into Gramen Agricultural Markets and for upgrading the 585 existing Agriculture Produce Market Committees.
- 5). The Union Budget 2018 has given good news for e-commerce startups in India. Finance Minister Arun Jaitley has said that the central government will set up five lakh WiFi hotspots, which are expected to provide broadband internet access to five crore people in the rural parts of the country.
- 6). The government's ambitious National Health Protection Scheme of extending healthcare of Rs 5 lakh/year per family and covering 50 crore beneficiaries, is a huge step in unlocking our country's demographic dividend.
- 7). Steps to improve quality of education across states like revitalising infrastructure, opening schools and launching training programmes for teachers will help improve the overall employability of the youth.
- 8). Budget 2018 appears to be a Bharat Budget aimed to inject rural growth and maintain the fiscal deficit at 3.3%.
- 9). **Kisan Credit Card to Fishermen:** On the lines of the Kisan Credit Card, the Finance Minister has announced a card to fishermen and cattle owners. This will make enable them to avail the easier loans. The Government says that this will help the people associated with the milk production business in rural areas. Apart from this, financial assistance will also be provided to fisheries.
- 10) **Gobar-Dhan Yojna (Galvanizing Organic Bio-Agro Resource Fund Scheme):** The government announced a new scheme

Gobar-Dhan (Galvanizing Organic Bio-Agro Resource Fund) scheme under its efforts to improve the lives of the villagers. The Government said that under this scheme, solid waste of dung and fields will be changed into compost, biogas and bio-CNG. He said that under the vision of inclusive society formation, the government has identified 115 districts for development.

- 11) **Operation Green:** The goal of the scheme is to double the farmers' income by end of the year 2022. With the budget allocation of Rs. 500 Cr, Finance Minister Arun Jaitley has announced about the Operation Green in Union Budget 2018. This scheme will facilitate the farmers of the nation. This will be in line with the operation flood. To reduce the fluctuation in the pricing of Onion, Tomatoes and Potatoes the scheme has been launched.
- 12) **Saubhagya Yojna:** The government has targeted to increase the number of power connections in rural areas to 40 million households. This scheme is one of PM Modi's ambitious plans.
- 13) **Expansion of Ujjwala Scheme:** Modi Government has set a target to provide the number of free LPG connections to the poor families under the Ujjwala scheme to reach 8 crores.

### CONTRIBUTION OF AGRICULTURE IN EXPORT

India's agrarian culture and varied regional climate have significantly contributed to the global food basket.

1. Indian curries, mangoes, snacks and spices are known for their excellent quality across the globe. Globally, India leads the following food segments:
2. India stands first in the production of bananas (30.27 million tonnes 26.04 per cent), papayas (6.14 million tonnes, 44.51 per cent) and mangoes including mango steens, and guavas (20.29 million tonnes, 40.75 per cent)
3. Guavas production amounted to 36.15 million tonnes.
4. India is the largest milk producer in the world (155.5 million tonnes)
5. India has the largest buffalo population (111.0 million heads)
6. India is the largest pulses producer in the world (22.1 million tonnes (2nd AE 2016-17), 23.1 per cent)
7. Among vegetables, India ranks second in world (176.177 million tonnes), and first in the production of Okra (5.78 million tonnes).
8. During April-August 2017, exports of agricultural and processed food products totalled US\$ 7.26 billion. During the period, export of cereals and animal products accounted for 45.62 per cent of the total exports, followed by livestock products (23.78 per cent), other processed foods (17.92 per cent), fresh fruits and vegetables (7.45 per cent), processed fruits and vegetables (6.25 per cent) and floriculture and seeds (1.15 per cent)
9. Indian agricultural/horticultural and processed foods are exported to more than 100 countries/regions; chief among them are the Middle East, Southeast Asia, SAARC countries, the EU and the US.

### GOVERNMENT INITIATIVES FOR RURAL DEVELOPMENT

The various strategies and programs of the Government for rural development are discussed below:

- 1). **Wage Employment Programs:** Wage Employment Programs have sought to achieve multiple objectives. They not only provide employment opportunities during lean agricultural seasons but also in times of floods, droughts and other natural calamities. They create rural infrastructure which supports further economic activity. It encompasses Swarnjayanti Gram Swarozgar Yojana (SGSY), Sampoorna Grameen Rozgar Yojana (SGRY) and National Rural Employment Guarantee Act (NREGA) etc. NREGA is an act of parliament. It is not merely a scheme or policy. It aims at enhancing the livelihood security of the people in rural areas by guaranteeing hundred days of wage employment in a financial year.
- 2). **Employment Assurance Scheme (EAS):** EAS was launched in October 1993 covering 1,778 drought-prone, desert, tribal and hill area blocks. It was later extended to all the blocks in 1997-98. The EAS was designed to provide employment in the form of manual work in the lean agricultural season. The works taken up under the program were expected to lead to the creation of durable economic and social infrastructure and address the felt-needs of the people.
- 3). **Food for Work Program:** The Food for Work program was started in 2000-01 as a component of the EAS in eight notified drought-affected states of Chattisgarh, Gujarat, Himachal Pradesh, Madhya Pradesh, Orissa, Rajasthan, Maharashtra and

Uttaranchal. The program aims at food provision through wage employment. Food grains are supplied to states free of cost. However, lifting of food grains for the scheme from Food Corporation of India (FCI) Godowns has been slow.

- 4). **Rural Housing:** Initiated in 1985-86, the IAY is the core program for providing free housing to families in rural areas. It targets scheduled castes (SCs)/scheduled tribes (STs), households and freed bonded labourers. The rural housing program has certainly enabled many BPL families to acquire pakka houses. The coverage of the beneficiaries is limited given the resource constraints. The Samagra Awas Yojana (SAY) was taken up in 25 blocks to ensure convergence of housing, provision of safe drinking water, sanitation and common drainage facilities. The Housing and Urban Development Corporation (HUDCO) has extended its activities to the rural areas, providing loans at a concessional rate of interest to economically weaker sections and low-income group households for construction of houses.

### SUGGESTIONS TO ENSURE SUCCESS IN RURAL MARKETING

- 1) **INTENTION:** There should be intention to develop the rural market. As urban market is already developed, the marketer should keep in mind that rural market also needs to be developed for the overall growth of the economy as a nation.
- 2) **TECHNOLOGY:** Rural market needs to be Digitalised, more and more technological advancements needs to be introduced there. Technology has simplified the way things are done, it saves time, increase production, simplifies communication, it has improved health care and it has also improved our educational environment.
- 3) **FINANCIAL INCENTIVES:** The Rural Development Ministry has proposed that local housing banks be incentivised through credit Guarantee and stamp duty exemption to provide loans to beneficiaries of rural housing programmes over and above the Government allocation to achieve the goal of housing for all.
- 4) **AVAILABILITY OF ATMs:** Money has become necessity these days and it is sometimes unsafe to carry. There are many villages that do not have the facilities of ATMs. So, ATMs should be made available in rural India for their local residents as well as outsiders to promote Rural marketing.
- 5) **CAMPAIGNS:** Campaigns should be simple and inexpensive in Rural market so as to make aware the people about new products. For e.g. There are some media dark villages like Bihar where there are less Televisions but there is more coverage of mobile phones. So HUL initiated a campaign "KAN KHAJURA TESAN" an FM channel so as to reach more masses in rural India.
- 6) **SELF HELP GROUPS:** A Self Help Groups (SHGs) is a villages based financial intermediary that is composed of 10-20 people. They provide mutual support to each other as member share a common problem. It is a self governed informal group of people with same socio- economic background. So, the number of SHGs should be increased in India for the Development of Rural India.

### CHALLENGES

There are various challenges that hinders the progress of rural market. Those are:

1. Low Standard of Living
2. Low literacy levels
3. Low Per Capita Income
4. Ineffective Transportation facilities.
5. Ineffective Distribution Channels
6. Many Languages and Diversity in Culture
7. Lack of Communication System
8. Seasonal Demand due to dependence on weather.
9. Inadequate media coverage for rural-communication
10. Poor infrastructure.

### CONCLUSION

Since the Independence of India, Rural market has provided a significant contribution towards the development of India. According to Census 2011, the majority of the population resides in the 6,40,000+ villages in India and over 58% of the rural households depends on agriculture as their means of livelihood. In January 2017, the Indian GDP from agriculture was 5468.54 INR Billions which shows the agriculture sector's contribution in the National growth. Undoubtedly, Rural Market has abundant resources but the development rate is steadily low in Rural India. Government is certainly concerned about it

and has taken many initiatives like Operation Green, Saubhagya Yojna, Ujjwala scheme, Gobar-dhan Yojna etc. Indian companies and Self help groups also contributed towards the betterment of Rural consumers so as to improve their standard of living. Considering these efforts, it can be concluded that there had been a visible growth and development in rural India and still so much scope and potential is there in Rural market which needs to be tapped. Government formulates the best policies but disappointingly those policies remain stick to papers only. Government plans huge amount of expenditure on development of Rural India but a small proportion of that is actually spent for the said purpose. Recently government of India announced the Budget 2018 which is said to be a progressive Budget for Rural development and if all these policies and schemes will be implemented in a fair manner, certainly there will be more development in Rural India.

#### REFERENCES

1. <https://www.jagranjosh.com/current-affairs/new-scheme-launched-in-budget-201819-1517556073-1>
2. <http://www.financialexpress.com/budget/this-budget-2018-is-with-rural-focus/1048733/>
3. <http://www.yourarticlelibrary.com/essay/rural-marketing-in-india-definition-and-features-of-rural-marketing/32335>
4. <https://businessjargons.com/rural-marketing.html>
5. S Neelamegham, Marketing in India, Vikas public house Ltd., Delhi, 2004.
6. Ramkishan Y. Rural & Agricultural marketing, Jaico Publishing House, Mumbai, 2004.
7. <https://tradingeconomics.com/india/gdp-from-agriculture>
8. <http://www.mospi.gov.in/>
9. <https://www.ibef.org/industry/indian-rural-market.aspx>
10. <https://www.hindustantimes.com>
11. Philip Kotlar , Marketing Management, 2012. Edition Publication, pp. 78-90.