

Challenges and Opportunities in Rural market

Rajni Sharma

Assistant Professor, Siddhartha Law College

ABSTRACT

In recent years, the rural market has a significant role in Indian market. 70% of the market is lying under the rural market. Now, INDIA is in phase 3 of the rural market. Rural market has an important role in the growth of the economy. In the present phase there are many challenges in the growth of rural marketing, but still much more opportunities are there. Using secondary data collected from various segments, it exhibits the opportunities & challenges in rural market as well as the current scenario of rural market in INDIA.

Keywords- Rural Market, FMCG, Literacy level, Disposable Income.

INTRODUCTION

Villages are the integral part of our nation. As they are keepers of our traditions, culture of our nation. In India, most of the part is dependent upon agriculture. As day passes the rural sector will change and bring opportunities as well as challenges. India is a developing country. Many other countries invest in our country (Dogra, B & Ghuman, K, 2013). In recent years rural markets have a significant role because the purchasing power of rural communities increase. Total population of INDIA is 135.26 crore in which 895,386,226 are rural population. As this way many herbal plants are placed and it attracts the marketers. FMCG sector in India is the 4th largest in the economy with a market size of over rs 3.4 lakh crore in FY 2018 and it is estimated to reach US\$103.7 billion in 2020. (Ministry of Commerce & Industry)

REVIEW OF LITERATURE

1. PG-PATHSHALA

Rural population is more than urban. So rural market is main target for goods & service. The agricultural income is highly dependent on monsoon in India, which itself is quite unreliable. Though FMCG companies have taken a number of initiatives like SHAKTI and E-CHOUPAL in rural areas, many more such projects are needed for the upliftment of people and speed of literacy among rural population

2. JHA, M (1988)

In Indian Market rural market is dominant factor. Rural market in terms of agriculture market. It produces agriculture product and that of agricultural inputs. In this the main focus is on fine grains, cash crops etc. putting all the efforts in this way it shows a biasness for those who use modern techniques for higher input for urban section.

3. TALWAR, POPLI et al (2014)

In recent years rural markets have acquired a significant role in INDIA. 68.84% population of India resides in 6,38,000 villages resulting in the growth of purchasing power of rural communities. Rural marketing offers so many opportunities like increases in disposable income, large scope of penetration etc.

4. Verma, S (2013)

There is a difference in the urban & rural market in India. Rural consumers are different in terms of income, education; family background etc. after the green revolution there is tremendous change in the rural market in India. Marketers realized there are huge opportunities in this sector.

5. Katora, A (2013)

742 million Indian constitute 138 million households reside 6,38,000 villages the size of rural market speak itself. Rural marketing now becomes the main point of MNC'S. MNC'S are trying to capture a huge share in Indian market. Rural markets consist 70% of the population which is double of the U.S and other countries like South Korea etc.

OBJECTIVE

1. To know the Current scenario of rural market in INDIA.
2. To know about the opportunities in the rural market.
3. To know the challenges in the rural market.

METHODOLOGY

It is descriptive research. All the data is taken from a secondary source. A general strategy is needed to identify the challenges and opportunities of the rural market in India. Secondary data is collected from the various segments like journals, books, magazines of some government agencies etc. By using this information we can reach on a effective conclusion and

OPPORTUNITIES

India is a developing country. As in the country economic growth also enhances, income rise, habits, taste preferences are also changed.

As, INDIAN market is large & affect the production & sale of goods and services in rural market.

	1971	1981	1991	2001	2011
Total population	548.2	683.3	843.3	1026.9	1210.19
Rural population	–	524	628.8	741.9	8331
Rural proportion to total population	–	76.7	74.3	72.2	68.84
Decadal variation	–	24.66	13.87	21.54	17.54

Population of India

Source: census of India

This table shows that in a few decades the population growth will reduce and the rural population is also reduced. As it is clear that the urbanization process is enhanced.

The literacy level has also increased in the last few decades as in 2011 it was 74% and now it is 77% which is a remarkable change. As literacy is the crucial factor of the society and development of the country. Due to high literacy levels the consumer knows about their rights toward product and services. It also brings social change (GUPTA & JAIN, 2016)



- Up to 2025, the rural & semi urban INDIA cross. (Ministry of Commerce & Industry)
 - It is expected to increase 17.41% in CAGR. (Ministry of Commerce & Industry)
 - In FMCG Market, rural market acquires 40% in INDIA. (Ministry of Commerce & Industry)
- In next 2 year the Indian govt. will construct the roads of Rs 15 lakh crore.
 - Govt. has allocated Rs 111 lakh crore under National Infrastructure Pipeline for FY 2019-2025 (IBEF.ORG.IN)

- . Income per household growth of households is expected to be enhanced from current 2.8% to 3.6% by 2025. Increasing prosperity leads to increased demand of consumable and non-consumable goods, through which the standard of living will also rise. New opportunities of employment will also generate. By increasing the labour force participation in non farming activities increases the more opportunity to generate the income.(GUPTA &JAIN,2016)
- And by seeing all these things the marketers enter into the rural market. The govt. has a target to provide 10 million hectare to weather connectivity in all areas

CHALLENGES

There are so many challenges in the rural market in India.

3 main challenges are DISTANCE, DIVERSITY, and DISPERSION. As the rural market presents opportunity it has challenges also. And it is necessary that we have to overcome these challenges like transportation, credit facility, seasonal demand, low literacy level, warehousing, low per capita income etc as compared to urban areas/markets. Communication is a problem.

LOW LITERACY LEVEL- in rural areas compared to urban areas communication problem raises. They do not know about the marketing mix this create the lack of awareness regarding the product and services. Two fifths of the rural population is illiterate and one fifth hold matriculation and higher degree. The literacy rate of Rural India is 28% whereas it is 55% for the whole nation. However, literacy programmers are bound to enhance the literacy levels in the near future. (PG PATHSHALA)

TRANSPORTING-Transportation is essential for movement of goods from urban to rural areas. As in villages or rural areas have kaccha roads. Transport facility is not so good. During monsoon kaccha roads become rough, pit etc. Transportation is one of the greatest hindrances in accessing rural markets. Half of the total villages have kaccha road. This is the main problem in rural market.

The main problem of rural marketing is dependent on monsoon. As if monsoon does not arrive there is huge loss of crops and cultivation. As buying capacity declines. Other challenges are:

Sr No	Major challenges	Description
1	Low turnover	As there is limited demand in the rural market. And is based on season. If monsoon arrives turnover increases or vice versa.
2	Branding	National brands are becoming popular. And the local brands are less popular. This is because of illiteracy, ignorance, low purchasing power.
3	Credit facility	Inadequate service of credit facilities. As a large number of rural people do not understand banking facilities. Retailers, wholesalers are facing difficulties to make or receiving payment.
4	Business techniques	Rural marketing is run on old techniques. As managerial skills is old resulting inability to attract and serve the customers.
5	Overall backwardness	Rural people are economically backward, Backwardness and poverty being one of the main reasons. It confines people to basic necessity

PRESENT SCENARIO OF RURAL MARKET IN INDIA:

There are some major investments are done in rural market which is as follows:

- India's unemployment rate declined to 4.8% in February 2017 as compared to 9.5% in august 2016. Govt. focused on the jobs in rural area by the scheme of MGNREGA
- NABARD plans to supply POS machine in villages to enable cashless transaction. (Ministry of Commerce & Industry)

- The Government plan to supply the tap water to every household by 2030.
- In 2017-18, the MGNREGA distribute Rs 48 crore.
- The pace of road construction under Pradhan Mantri Gram Sadak Yojana (PMGSY) has been accelerated to 133 kms per day as against an average of 73 kms per day during the years 2011-14. (Ministry of Commerce & Industry)
- The Government of India is looking to install Wi-Fi hotspots at more than 1,000 gram panchayats across India, under its ambitious project called Digital Village, in order to provide internet connectivity for mass use, as well as to enable delivery of services like health and education in far-flung areas. (Ministry of Commerce & Industry)

ALLOCATION OF AMOUNT FOR RURAL SECTOR:

PMGSY- 87,765 CRORE

MGNREGA- 38,500 CRORE

CROP INSURANCE SCHEME-5500 CRORE

- Allocation under Pradhan Mantri Gram Sadak Yojana increased to Rs. 19,000 crore. (Ministry of Commerce & Industry)
- - 100 per cent village electrification by May 1, 2018. (Ministry of Commerce & Industry)
- - Agricultural credit target of Rs. 9 lakh crore. (Ministry of Commerce & Industry)
- - Paramparagat Krishi Vikas Yojana to bring 5 lakh acres under organic farming. (Ministry of Commerce & Industry)
- Allocation of Rs. 55,000 crore in the Budget for Roads. Additional Rs. 15,000 crore to be raised by NHAI through bonds. (Ministry of Commerce & Industry)
- - 10,000 km of national highways in 2016-17 and 50,000 km state highways to be converted to NH roads. (Ministry of Commerce & Industry)
- - New Greenfield ports to be developed on east and west coasts. Revival of underserved airports. Centre to Partner with States to revive small airports for regional connectivity (Ministry of Commerce & Industry)
- - Plan to augment nuclear power in the next 15-20 years(IBEf.ORG.IN)

Some scheme work in HARYANA

PMAGY SCHEME

Sr no	Key Parameter Indicators	Value
a	Total Target	61,40,872
b	Total Beneficiaries Registered	25,86,125
c	Total Geo-Tagged	23,17,050
d	Total House Sanctioned	22,43,512
e	Total House Completed	46,712

SOURCE: rural.nic.in

❖ **PHYSICAL PROGRESS OF PMGSY SCHEME**

Sr no	Key Parameter Indicators	Value
a	Road Works Cleared	597
b	Road Works Completed	514
c	Road Works Cleared-New Connectivity	1
d	Road Works Completed-New Connectivity	1
e	Road Works Cleared-Up-Gradation	596
f	Road Works Completed-Up-Gradation	513
g	Total Length Completed under (Up gradation + New)(Kms)	5,581

Source: rural.nic.in

CONCLUSION

Indian rural market plays an important role in Indian Economy. It offers opportunities to 70% residents of the country. As the rural market pays back to the rural economy in terms of infrastructure etc. but in this there are a lot of challenges and risks. As before globalization, the rural economy is not so developed. But after the LPG in this a huge change occurs. But still there is backwardness in rural areas. Last but not the least with the fast improving rural infrastructure & higher exposure to city life the sharp divide between urban & rural will get blurred. But this process only just began.

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