

# A Critical Study of India's Rural Market and its Potential Opportunities

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**Abstract:** Rural areas are defined by the Indian Census as areas with a population density of less than 400 people per square kilometer, where at least 75% of working-age males are employed in agriculture, and where no municipality or board exists. According to the Planning Commission of India, a town with a population of up to 15,000 is considered rural. In India, the gap between rural and urban consumers is constant. The majority of rural Indian consumers lack literacy and are impoverished.

A rural consumer's decision to purchase any kind of product is therefore influenced by a number of factors, including the product's cost-benefit ratio, consumer awareness and purchasing power, product verification and demonstration, customization, utility, ease of installation, maintainability, aesthetics, attitude toward the product, opinion leaders' roles, and the consumer's own opinion. When selling a product in rural areas, a marketer should look for all of the aforementioned factors.

Indian rural consumers fall into a low per capita income group and have a low level of living. It has been discovered that other people typically have an impact on rural consumers' purchasing decisions and processes. Compared to their senior relatives, young people in rural areas are more receptive to new ideas. In contrast to personal-use products, rural consumers prefer those that are useful and benefit the entire family.

The informal sector's percentage of credit disbursements is decreasing as agri-credit flows increase. This suggests that rural finance is being formalized, which would guarantee many margins with the rural populace. This conventional knowledge is being challenged by technological and geopolitical developments, leading to a "return to roots" concept in farming methods and policymaking. The flow of agricultural finance has grown at an average yearly rate during the past ten years. The print media effect on rural consumers is very less, whereas price is an important factor for rural consumers. Young people are more receptive to new ideas and seniors are dependent on other people for their purchasing decisions.

## INTRODUCTION

Businesses are interested in India because of its rural areas, which are home to over 800 million people. As rural populations' purchasing power

continues to rise and urban markets become saturated, businesses are turning their attention to rural areas. In spite of the importance of the rural markets for the growth of the economy and wellbeing of people, our grasp of the complexity and nuances of rural marketing are still evolving. Understanding the consumer wants and their characteristics is an important component of rural marketing. For consumer durable and non-durable goods and services, such as food, construction, electronics, agri-inputs and outputs, cars, finance, insurance, health, and education, rural consumers have grown to be a sizable market.

In order to improve the lives and welfare of the rural population as well as to expand commercial activities, the rural markets in India require particular attention. The rural Indian market presents marketers with excellent prospects and a sizable demand base. In India, nearly half of the country's income is produced in rural areas, where two-thirds of consumers reside. Consumers in rural India are growing more value-driven and literate. They are being influenced by urban consumption habits. With growth in their income their desire to satisfy requirements and wants have led to demand for numerous durables and non-durables products.

Rural marketplaces have existed for as long as India. But in the final decade of the 20th century, as the Indian economy began to liberalize, privatize, and globalize, the traditional rural market gave way to a modern one. The development of rural marketing occurred in four stages: the self-sufficient village economy (before 1960), the Green Revolution (1960–1990), the liberalized period (1990–2000), and the ICT period (after 2000). Global consumers have an impact on the demands and desires of rural consumers. But in 2000, as ICT spread, the process of integrating into the global economy quickened.

## LITERATURE REVIEW

1. Ramesh Chand, S. K. Srivastava and Jaspal Singh @ *Changing Structure of Rural Economy of India Implications for Employment and Growth*; According to the author, two-thirds of jobs and half

of the nation's income are created in rural areas. Rural areas generate almost half of the nation's manufacturing and construction output and a quarter of its services sector output, in addition to producing nearly all of the country's agricultural output. The low level of per worker income is mostly due to the greater reliance on rural areas for employment. Since employment development in the manufacturing and service sectors in rural areas slowed significantly after 2004–05, workers leaving agriculture and those joining the rural labor force are mostly being absorbed in construction activities. India should investigate the possibility of creating blue-collar jobs in the agricultural industry.

2. Dr. Smitha Sambrani; Understanding Rural Markets – A Study of Potential Opportunities and Challenges, Over the course of ten years, the number of poor households in rural India is expected to decrease, while middle-income households will double and rich households would triple, according to an NCAER income dispersal estimate based on an assumption of a 7% GDP growth. Rural residents will have more purchasing power as a result of this upward drive that will lift them out of poverty and into wealth. Rural areas are where the mass population is most heavily segmented. Rural customers also purchase goods to satisfy their increased wants for comfort and social interaction in addition to their basic needs.

3. Prof. (Dr.) R. K. Ghai, Dean & Mr. Sunil Dutt Sharma.; Indian Rural Market: An Empirical Study.; Since the majority of India's consumers live in rural areas, the rural market there contributes significantly to the nation's income. For businesses to survive in the long run and expand quickly in the market, they must concentrate on the rural markets and use fresh, creative approaches to reach the unexplored rural markets. Despite a number of obstacles, rural markets consistently provide promise for businesses looking to expand. After building a relationship with rural consumers, marketers must create and market products that meet their requirements and desires. The country's development is facilitated by the growth of rural market.

4. Rural Market and Marketing Shiv Sankar Das.; The various players, including manufacturers, wholesalers, retailers, and others, must properly

coordinate for the items to be distributed into rural areas. Manufacturers have developed several distribution strategies and deployed them in rural areas in order to market the goods. Creating an ecosystem in which the actors and variables must come together and work together to sell goods and services into rural areas is necessary for a successful intervention into these markets.

### RESEARCH METHODOLOGY

Research methodology is defined as tools, method and techniques used in data collection and its way of analysis. The character of the current study is both descriptive and analytical. The secondary data used in this study was gathered from reputable websites, print media, and reputable journals and newspapers.

### OBJECTIVE OF STUDY

1. The aim of the research is to demonstrate the current state of the rural market in India.
2. To research the problems and obstacles to rural industrialists' and marketers' credit.
3. To research the rural market's contribution to India's GDP.

### ANALYSIS AND DISCUSSION

83.3 crore people live in rural India, which is divided across 6,38,000 villages. The rest of India is located outside of these urban centers and is home to a growing number of families, business owners, and consumers whose lives have been permanently altered by advancements in technology, globalization, and commerce. Understanding India's "soul" is essential for any brand strategy aimed at winning over the hearts and wallets of a market like that. Although there is a lot of promise, farmers and companies who want to reach rural communities face many obstacles. There is some potential in the digital revolution occurring in rural India, and it all begins with mobile.

The very character of the rural consumer is evolving due to a confluence of literacy, ambition, traditional marketing tenets of reaching out to rural regions in the nation are no longer relevant and have outlived their usefulness. India's countryside has transformed and is still changing. In the rural market, marketers must re-establish their link with agri-products.

Regional base	Year 2001(in Cr.)	Year 2011(in Cr.)	Difference (in Cr.)
Rural	74.3	83.3	9.0

Urban	74.3	83.3	9.0
India	102.9	121.0	18.1

Table 1.

According to the above data, the number of people living in rural areas increased by 9% between 2001 and 2011, reaching 833 million, compared to 377

million in urban areas. This indicates that there are more marketing chances in rural areas.

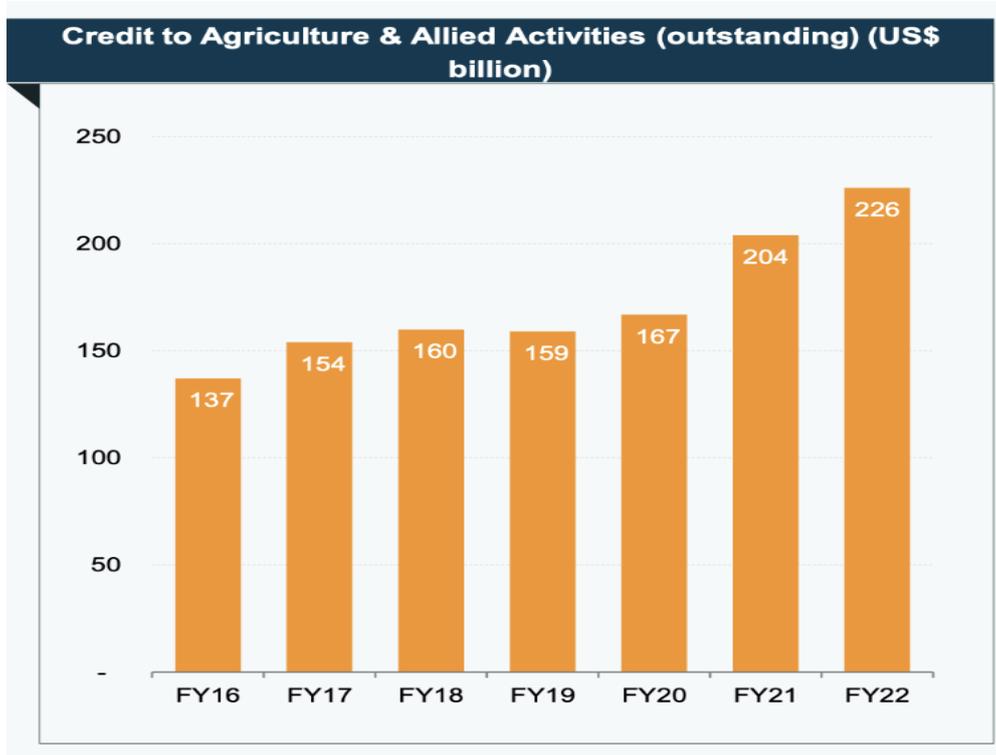


Chart 1.1

According to the chart Credit for agriculture and related businesses is trending upward. The credit is 137 billion dollars in the fiscal year 2016, rises to 167 billion dollars in the fiscal year 2020, and then progressively rises to 226 billion dollars in the fiscal year 2022.

Only Rs 2.62 trillion of the Rs 21.55 trillion in credit disbursements to the agriculture industry in 2022–2023 went to related activities, according to the Department of Financial Services' annual report for 2023. The government had only set a target of Rs 2.93 trillion for linked activities for 2023–2024.

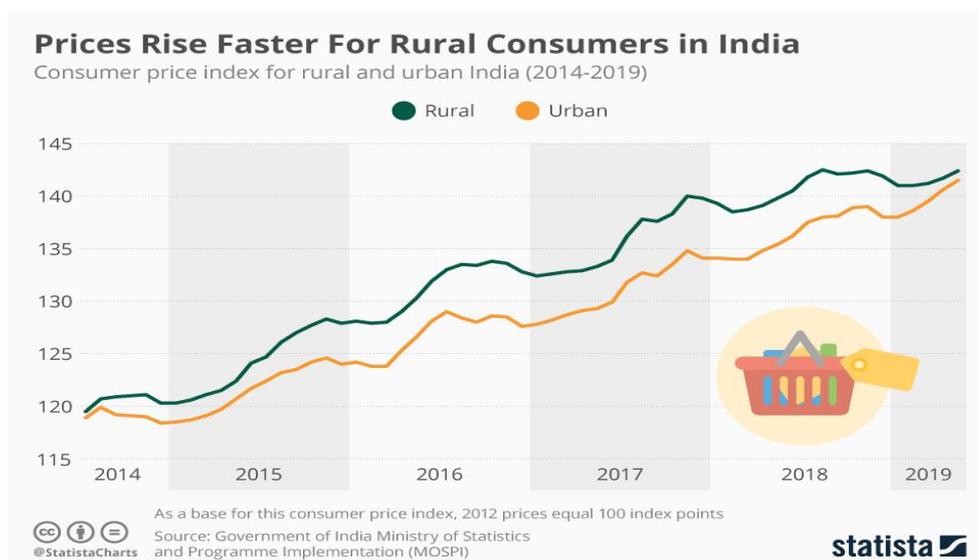


Chart 1.2

As the increase in rural consumer the prices for the product also shows an upward trend due to the increase in demand . The consumer price index is 120 in the year 2014 which goes above 140 in 2019 , and 195 in July 2024.

#### CONCLUSION

Problems with road transportation, warehouses, distribution networks, and communication networks and systems are still present in the Indian rural market, according to the report. According to the study, print media has little effect on consumers in rural areas. The rural Indian market requires sustainable marketing initiatives. Indian rural consumers fall into a low per capita income group and have a low level of living. It has been discovered that other people typically have an impact on rural consumers' purchasing decisions and processes. Compared to their senior relatives, young people in rural areas are more receptive to new ideas. In contrast to personal-use products, rural customers want products that are useful and benefit the entire family. Labeling, packaging, and branding don't much affect this market area. In communities, street performances and wall murals are very common. Price is more important to rural consumers than quality.

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