CHAPTER 3

A SOCIO ECONOMIC AND CULTURAL STUDY OF RURAL POPULATION IN HARYANA AND ITS CONSUMPTION PATTERN

3.1 A Brief on Indian Rural Market

Census of India 2011 defines “rural as any habitation with a population density less than 400 per sq. km, where at least 75 percent of the male working population is engaged in agriculture and where there exists no municipality or board”. In comparison to just 5,161 towns, India has 6,38,365 villages. This indicates where the real Indian population resides. Leaving certain metropolitan cities, almost all the districts and industrial towns are connected with rural areas/markets. India has a population that is large, heterogeneous, largely English speaking and a cultural heritage that runs back to thousands of years.

During the second five year Plan, Panchayi Raj in villages was started to ensure rapid rural development largely on the basis of local efforts and resources combined with the cooperation and community effort to uplift rural communities (GOI, 1960). Different intervention programs like Rural Manpower program(1961), crash scheme for rural employment (1971- for 3 years), small farmer Development agency program (1971), Rural Landless employment Guarantee program(1983), Jawahar Rojgar Yojna (1989), Employment assurance scheme(1993), Mahatma Gandhi National rural Employment scheme (2006) and the most recent National Rural Livelihood Mission/Aajeevika (2011) have been launched by the Government to enhance and expand existing livelihood options of the poor people majorly residing in rural areas. Some of these projects from the government have changed the rules of the marketing game in rural India.

Schemes like NREGA (National Rural Employment Guarantee) and other rural employment schemes have benefited the rural consumers so that they can meet their daily needs adequately. National Rural Employment Guarantee (NREGA) guarantees 100 days employment to any one member of the rural house hold. Farmers have benefited from loan waiver which has again received an extension in the recent budget. Also the increased demand for labor in the urban projects has resulted in more money being sent back home by the immigrant labor to their family members in the villages. Urbanization has become more of a life style and is no longer bound to geographical areas of the metro towns.
The rural market of India started showing its potential in the 1960s. The period of 70s and 80s witnessed its steady and substantial development. And, 21st century is going to see its full blossoming. Rural India now means 700 million potential consumers, over 40 per cent of Indian middle class and about half the country’s disposable income. Since the rural people are very large in absolute numbers, they are not only a sizeable population of the population bereft of a symbiotic involvement in the mainstream economy but also form a significant consumer base for the marketers operating in the rural market.

Indian economy has transformed from an extensively controlled to the liberal market driven economy after the reforms in 1991. Initially multinational companies focused on easily accessible and well developed urban market. Increase of organizations/ brands and intense competition led to the saturation of urban market which forced them to look for newer markets like rural India. Companies are realizing slowly but surely that the key to gain true market leadership lies in tapping the rural potential .Over the past 5 years rural market has seen an increase in the purchasing power of rural consumers, accompanied by their desire to improve their standard of living. People’s life-style has changed remarkably due to a substantial improvement in the purchasing power and exposure to different forms of media. At present, Indian consumers demand almost all consumer goods both durable and non-durables. Earlier consumer durable products like Television, Automobiles (tractor, two-wheeler or car), refrigerator were considered as luxuries but now these durable goods are considered as necessities by rural people. The villager growing grains and vegetables has emerged as the king of all consumers in different product markets.

Rural markets have attained significance in countries like China and India, due to increased growth in these economies which has resulted into substantial increase in the buying power of the rural communities. Considering the importance of the subject a marketing strategy, namely, rural marketing has taken shape and importance in present times. Broadly rural marketing includes marketing of agricultural products, services of all kinds, or sale of any other products to the rural consumers.

Rural market with speedy growth rate, improved transportation, better physical infrastructure, increasing communication services and growing standard of ruralites is a logical corollary of the rising income which offer tremendous potential to innovative marketers in India. The top business houses have started looking to the new destination: the ‘Rural India’. Around 70 percent of the total population lives in the rural areas that provide a larger market compared to the urban market. Rural Indian population has increased to 833 million according to census of India 2011 which present an enormous challenge and consequently present an equally great opportunity as their urban counterpart who have the ability to direct the economic development of the country. The villages symbolize the soul of our country, India.
Growth in population is assumed to be the main contributory factor which led the marketers to have an eye on this particular segment. In terms of the total number of people, size of Indian rural market is nearly twice as large as the whole market of USA and the former USSR. In the last 30 years from 1981-2011, rural market has increased by more than 300 million consumer base which is enormous. Majority of these customers belong to rural middle class, which is being watched continuously by the corporate world to gain competitive advantage.

3.2 Occupational Pattern of Rural Households

Occupational pattern of rural households have also an impact on the nature of income generation, which will in turn affect the expenditure pattern in rural markets. Purchase behavior of the rural consumers depends upon the nature of occupation and consistency in the generation of income.

Table 3.1: Occupational pattern of rural households in India

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Proportion of Rural population (in percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>50</td>
</tr>
<tr>
<td>Agriculture Labor</td>
<td>27</td>
</tr>
<tr>
<td>Business</td>
<td>10</td>
</tr>
<tr>
<td>Non- Agricultural Labor</td>
<td>9</td>
</tr>
<tr>
<td>Salary Earners</td>
<td>2</td>
</tr>
<tr>
<td>Not gainfully employed</td>
<td>2</td>
</tr>
</tbody>
</table>

For a huge majority of rural population, the main occupation is agriculture and allied activities. So the disposable income left in the hands of rural people is very much dependent on the state of agriculture and other allied activities. Income generation sources and occupational patterns in this market are closely related. The sources of income indicate the nature of stability and seasonality in income generation.

The boost in rural consumption in recent years was supported by rise in household incomes due to increase in non-farm job opportunities and government initiated employment generation schemes. NSSO data shows that during 2004-05 to 2009-10 rural construction jobs rose by 88 per cent and the number of people employed in agriculture fell from 249 million to 229 million.

The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) – introduced in 2006 was extended to whole of rural India in 2008 and other social sector schemes fuelled job opportunities on an unprecedented scale and provided a chance to rural people to supplement their traditional farm income. Nearly 27 per cent of rural households availed employment under MGNREGS in 2009-10. Wages under MGNREGS, which now increase with retail inflation, set the benchmark for all rural wages. In spite of increase in non-farm employment opportunities, primary occupation of rural people in rural markets is still agriculture. Few members of almost every household residing in rural areas is still engaged in agriculture for their livelihood. With rising buying power, a notable phenomenon that is gradually discernible in rural consumption pattern is a change from necessities to discretionary goods.

3.3 Rural Spending

According to preliminary data for 2011-12 by National Sample Survey Organisation (NSSO) for the period between 2009-10 and 2011-12, rural consumption average(per person) grew annually at 19 per cent which was two percentage points higher as compared to urban counterpart. In incremental terms, total spending by rural India in these two years was Rs 3,750 billion, which was significantly higher than Rs 2994 billion by urban consumers. About one in every two households in rural areas has a mobile phone. India’s poorest states such as Bihar and Orissa, show similar trends where one in three households in rural areas owns a mobile phone. (CRISIL report 2012).

Around 42 per cent rural households possessed a television in 2009-10, which was a jump from 26 per cent five years ago. Similarly, for other durable goods like two-wheeler, there was 14 per cent ownership in 2009-10 which was twice the percentage as compared to 2004-05, although penetration of two wheelers still remains well below the urban household level of 33 per cent in 2009-10. A notable fact is that almost half of India’s stock of consumer durables like television sets, fans and two-wheelers is consumed in rural India. (CRISIL report 2012).

Discretionary spending of an average rural household rose from Rs 14,000 in 2004-05 to Rs 24,000 growing at the rate of 11% which is higher than the inflation rate of 6% in 2012(Economic Survey, 2012-13). Some consumer durable goods like televisions, motor cycles, mobile phones which were regarded as stature symbols by few rich farmers in rural region about a decade back, were now found in majority of rural households.
Rural consumers today have access to diverse media with the advent of modern technology thus the focus of marketers is on offering diverse communication solutions through different media to reach out to them. Seeing a substantial business opportunity in India's numerous villages and small towns, marketers are laying importance on devising strategies to attract consumers residing in the hinterlands. The consumer behavior witnessed in early 2000s in smaller towns is now being seen in rural areas, according to industry experts.

A unique characteristic of India, and not specifically rural India, is the diverse and varied characteristics of customers across the country. Each of these diverse sections of rural India is embedded in its customs and traditions, which in turn have a deep impact on the psyche of the people. Every phase of their lives from their birth, education, marriage and livelihood is influenced by intensely imbedded traditions provided and followed by the society. India’s rural market is relatively special, which has different consumer belonging to different caste, religion, different physiographic region, and demand differently. Rural India is not homogeneous and in fact there is no one rural India. The number of language and dialects vary widely from state to state, region to region and even from district to district. Though the recognized languages are only 16 in India the number of dialects is around 850.

Even within one state, rural areas have demonstrated sharp differences by virtue of their economy and exposure. Diversity poses a serious challenge to the marketers who want to serve and derive the benefits of rural markets. Even the level of infrastructure provided in different regions varies a lot. The diversity in terrain adds to the already varied lifestyle and livelihood of people there. It is also important to recognize the existence of developed and developing rural India - differentiated by the economic prosperity of certain States such as Tamil Nadu, Punjab, Haryana and Gujarat where the fast improving infrastructure is helping to reduce the urban-rural divide. Rural marketers up to some extent have understood and often utilize these diversities and traditions for their benefits. But still a lot of research needs to be done in rural areas to understand the psychology of rural consumers, their changing buying patterns and the influencing factors of purchase.

Present study was conducted in the state of Haryana whose profile has been discussed in the next section.

3.4 Haryana’s Profile

Haryana is among the most progressive States of the country. At the time of foundation of Haryana State on 1st November, 1966 there were seven districts viz. Ambala, Karnal, Rohtak, Gurgaon, Mahendragarh, Hisar and Jind. Thereafter, new districts were informed by changing the boundaries of the existing districts and now there are 21 districts in Haryana in total.

Spread up to an extent of 44,212 sq km, Haryana is one of the smallest state in the Indian union after Delhi, Nagaland and Kerala. It is spread around the national capital, New Delhi. Around 40.0 per cent of the National Capital Region (NCR) of Delhi falls in Haryana, from three sides. Chandigarh is Haryana’s capital city. The
state is situated in the Northern part of the Indian Union, and is bounded by the plains of Punjab in the north west, sharply rising hills in the North East, Uttar Pradesh separated by the river Yamuna and the sandy tract of Rajasthan in the south and the south west. Physically, Haryana falls into two broad natural divisions, the sub-Himalyan and the Indi-Gangetic Plain which run into a south-eastern direction, almost parallel to each other.

The state has 6759 villages and 106 cities and towns. In spite of just having 1.37 per cent of the total geographical area of the country and around 2 per cent of India’s population, Haryana has been able to carve a place of distinction among other states during the past three decades.

In the 1960s, Haryana progressed quickly with an average growth rate of 5.5 per cent per annum as compared to India’s growth rate of 3.0 per cent. In the seventies, however the average economic growth increased from 3.0 per cent in the sixties to 3.6 per cent. The average annual rate of growth of Haryana declined from 5.5 per cent to 4.8 per cent. Haryana progressed rapidly during the 1980s with average growth rate of 6.68 per cent as compared to India’s growth rate of 5.60 per cent. In the 1990s, Haryana grew at an average annual rate of 6.71 per cent as against all-India’s growth rate of 6.03 per cent per annum. It is interesting to note that during the overall period from 1980-81 to 1990-2000, Haryana recorded the highest growth of 7.80 per cent per annum in the country as against all-India’s growth rate of 5.66 per cent per annum. In the years 2000-01, 2001-02, 2002-03, 2003-04, 2004-05 and 2005-06 the rate of growth in the State has been 6.8, 5.4, 5.0, 8.6, 8.4 and 8.5 per cent, respectively (Planning Commission, Haryana Development report, 2009).

Further, the State grew at an exceptional average growth rate of 9.3 percent during the last 7 years (2005-06 to 2011-12), which is comparatively much higher than the 8.5 percent growth rate of the Indian economy. Though, Haryana is geographically a very small State, its contribution to National Gross Domestic Product at constant (2004-05) prices has been noted as 3.4 percent according to Quick Estimates (QE) of 2011-12 (Economic survey of Haryana 2012-13).

Haryana is the second major contributor to Central Food Grains Pool of the country and biggest exporter of basmati rice. It is one of the most industrialized State and one of the major software exporter in the country. Haryana is a house of many production plants producing more than 50% of total passenger cars, more than 50% of tractors, around 57% of motor cycles and about 25% of white goods in India. Haryana has achieved a growth of 856% per capita investment growth over last 5 years as against India’s average of 93%

Haryana as a state is enriching Indian economy by $ 30 billion US dollars and this contribution is increasing with growth rate of 10.50 per cent and this figure is expected to reach to $130 billion by 2020. Haryana has been able to attract FDI investment of about US $ 1.5 billion in last two years. These projections are supported by strong workforce of 6.2 millions contributing to the economy of the country (Census of India, 2001).
3.4.1 Haryana GDP Trend

The Quick Estimate of State GDP at current prices has been assessed as Rs 3,07,605.61 crore for 2011-12 as compared to Revised Estimate of Rs 2,65,033.50 crore in 2010-11 demonstrating growth of 16.1 percent. The Gross Domestic Product (GDP) at constant (2004-05) prices for 2011-12 has been assessed as Rs 1,79,097 crore as against the estimate of Rs 1,65,960.36 crore for 2010-11 reflecting the growth of 7.9 percent.

Table 3.2: GDP Prices for 5-yr Period in Haryana

<table>
<thead>
<tr>
<th>GDP</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Prices</td>
<td>151595.9</td>
<td>182522.15</td>
<td>223600.25</td>
<td>256033.50</td>
<td>307605.61</td>
</tr>
<tr>
<td>Constant Prices (2004-05)</td>
<td>126170.76</td>
<td>136477.94</td>
<td>152474.47</td>
<td>165960.36</td>
<td>179097.00</td>
</tr>
</tbody>
</table>

Source: Adapted from Haryana Economic Survey, 2012-13

3.4.2 Per Capita Income

The per capita income of Haryana at constant (2004-05) prices as per Advance Estimates is expected at around Rs 66,410 during 2012-13 as against Rs 62,927 in 2011-12 indicating an increase of 5.5 percent during 2012-13. At current prices, the State per capita income is expected be around Rs 1,23,554 during 2012-13 as compared to that of Rs 1,09,064 in 2011-12 showing an increase of 13.3 percent during 2012-13. The Haryana State has highest per capita income amid the larger States of the Country. The per capita income of the State has always remained much higher than all India level in the past. As per the Advance Estimates, per capita income of India in 2012-13 has been estimated as Rs 39,143 and Rs 68,747 at constant prices (2004-05) and current prices respectively.

3.4.3 Physical Infrastructure

Haryana has been one of the states in the country with 100 per cent rural electrification record since 1970. The State Govt. has already framed an ambitious Information Technology (IT) Policy and Action Plan in order to make the State a front-runner in the era of Information Technology Revolution. The State Govt. has also decided to invite private participation to create a communication back-bone in the State. Haryana State Wide Area Network (HARNET) is being set up by pooling all the existing facilities of Department of Telecommunications (DOT), National Informatics Centre (NIC) and the State Govt bodies. An outlay of Rs 24.75 crore has been allocated for these activities in the State in the Annual Plan for the year 2012-13.

According to Telecom Regulatory Authority of India (TRAI), Haryana had nearly 19.5 million wireless subscribers and 571,344 wire-line subscribers, as of December 2012. There were around 298,823 broadband subscribers in the state, as of December 2011. The Tele density of Haryana was 76.72 per cent, as of December 2012. In December 2011, Haryana had 1,301 telephone exchanges and 11,166 Public Call Offices (PCOs).
Some of the Major Telecom players in Haryana are Bharat Sanchar Nigam Limited (BSNL), Bharti, Airtel, IDEA Cellular, Vodafone, Reliance Communications, Tata Teleservices and Aircel Limited. Haryana is the first state to execute its State Wide Area Network (SWAN) for voice, data and video transmission. The vertical connectivity through SWAN integrating the State Network Management Centre (SNMC), District Network Management Centre (DNMC) and Block Network Management Centre (BNMC) has been completed and is operational in the State.

3.4.4 Haryana’s Demographic Trend
Population of Haryana is around 25 million (2011 census), making it the 17th most populated state in India and constituting about 2.09 per cent of the entire population of the country with a proportionate area of 1.3 per cent. The population growth during this decade was 19.90 percent as compared to previous decade of 28.06 percent.

Density of population in Haryana is 573 persons per sq km which is relatively much higher than national average of 382 persons per sq km. In 2001, density of Haryana was 478 per sq km and 372 per sq Km in 1991.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2001</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approximate Population</td>
<td>2.11 Crore</td>
<td>2.54 Crores</td>
</tr>
<tr>
<td>Actual Population</td>
<td>21,144,564</td>
<td>25,351,462</td>
</tr>
<tr>
<td>Population Growth</td>
<td>28.06%</td>
<td>19.90%</td>
</tr>
<tr>
<td>Percentage of total Population</td>
<td>2.06%</td>
<td>2.09%</td>
</tr>
</tbody>
</table>

Source: Adapted from census 2011

3.4.5 Literacy Rate
Literacy rate in the State is 75.55 percent as per 2011 census. Male literacy was recorded as 84.06 percent while female literacy is at 56.91 percent. In 2001, literacy rate was 67.91 percent, out of which male and female were 76.10 percent and 59.61 percent literate respectively. In definite figures, total literates in Haryana stood at 16,598,988 comprising of 9,794,067 males and 6,804,921 females.

Despite rapid material progress in Haryana, literacy especially among women has lagged behind. Although the villages of the state have been covered by an expanding network of primary schools, middle schools, high schools, balwaris and adult literacy centers, the quality of education has not kept pace to attract the down to earth pragmatic villagers to the desired extent. The intrinsic value of education has not been successfully popularized. At best, education is considered as a commodity to be consumed for the purpose of gaining qualifications to get jobs, especially government jobs. With regard to education of girls, it is a common refrain that what the girl practically needs to learn is management of household jobs, so as to be a successful wife or mother. Opportunities for female careers are limited in rural areas. They generally help the family members in farming but their role is undermined and not given any importance in the family.
The perception about the lack of adequate relevance of education is compounded by low motivation and competencies of the teachers and administrators of education. The situation has become worse due to lack of infrastructural facilities. Sex Ratio of the State is 879 per 1000 males, which is lower than the overall average of 940 across India as per census 2011. In 2001, the sex ratio was 861 per 1000 males in Haryana which depict no significant improvement during the last decade.

The Human Development Index (HDI) for the country as a whole has improved from 0.302 in 1981 to 0.472 in 2001. The HDI for Haryana has improved from 0.360 in 1981 to 0.509 in 2001. As per HDI, the Haryana was ranked at 15 in 1981, 16 in 1991 and 5 in 2001.

**Table 3.4: Demographic indicators of Haryana in comparison to other Northern States**

<table>
<thead>
<tr>
<th>States</th>
<th>Decadal growth Rate</th>
<th>Sex Ratio</th>
<th>Share of 0-6 population to total population</th>
<th>0-6 Sex Ratio</th>
<th>Literacy Rate</th>
<th>Total Population</th>
<th>M</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>17.64</td>
<td>940</td>
<td>13.12</td>
<td>914</td>
<td>74.04</td>
<td>82.14</td>
<td>65.46</td>
<td></td>
</tr>
<tr>
<td>Haryana</td>
<td>19.90</td>
<td>877</td>
<td>13.01</td>
<td>830</td>
<td>76.64</td>
<td>85.38</td>
<td>66.77</td>
<td></td>
</tr>
<tr>
<td>Himachal Pradesh</td>
<td>12.81</td>
<td>974</td>
<td>11.14</td>
<td>906</td>
<td>83.78</td>
<td>78.26</td>
<td>58.01</td>
<td></td>
</tr>
<tr>
<td>Punjab</td>
<td>13.73</td>
<td>893</td>
<td>10.62</td>
<td>846</td>
<td>76.68</td>
<td>90.83</td>
<td>76.60</td>
<td></td>
</tr>
<tr>
<td>Chandigarh</td>
<td>17.10</td>
<td>818</td>
<td>11.18</td>
<td>867</td>
<td>86.43</td>
<td>90.54</td>
<td>81.38</td>
<td></td>
</tr>
<tr>
<td>Delhi</td>
<td>20.96</td>
<td>866</td>
<td>11.76</td>
<td>866</td>
<td>86.34</td>
<td>91.03</td>
<td>80.93</td>
<td></td>
</tr>
<tr>
<td>Rajasthan</td>
<td>21.44</td>
<td>926</td>
<td>15.31</td>
<td>883</td>
<td>67.06</td>
<td>80.51</td>
<td>52.66</td>
<td></td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>20.09</td>
<td>908</td>
<td>14.90</td>
<td>899</td>
<td>69.72</td>
<td>79.24</td>
<td>59.26</td>
<td></td>
</tr>
<tr>
<td>Uttarakhand</td>
<td>19.17</td>
<td>963</td>
<td>13.14</td>
<td>886</td>
<td>79.63</td>
<td>88.33</td>
<td>70.70</td>
<td></td>
</tr>
</tbody>
</table>

Source: Adapted from census 2011

**3.4.6 State of Agriculture**

Agriculture has remained the mainstay and leading occupation for the people of the State since its inception. The Agriculture Sector has always been a significant contributor to the State Gross Domestic Product (GDP). The growth rate of Agriculture Sector in State GDP increased after independence as the Indian Government placed special emphasis on this sector in its Five Year Plans. In early 1960s, the Green Revolution transpired in the State giving a major boost to the growth of Agriculture Sector. At present also, development of Agriculture and Allied Sector continues to be a crucial factor in the overall growth of Haryana’s economic performance.

Agriculture and Allied Sector includes Agriculture, Forestry & Logging and Fishing Sub-sectors. Agriculture including crop husbandry and dairy farming is the main components contributing about 95 percent in GDP earned from Agriculture and Allied Sector. The contribution of Forestry and Fishing Sub-sectors in GDP of
Agriculture and Allied activities is merely around 4 and 1 percent respectively resulting in very low impact of these two Sub-sectors on the overall growth of Agriculture and Allied Sectors.

In the State, about 71.72 percent of the cropped area is under food grains and the remaining 28.28 percent area is under non-food grains. Food grains consist mainly of cereals and pulses with weights of 61.35 percent and 10.37 percent respectively. Non-food grains consists of oilseeds, fibre and miscellaneous crops. The production of Wheat and Rice (the main cereal crops of the State) has achieved all time high production in 2012. The production of Wheat during 2011-12 was 130.69 lakh tonne and production of Rice during 2011 was 37.59 lakh tonne, registering twelve fold increase in Wheat and seventeen fold increase in Rice production as compared to 10.59 lakh tonne and 2.23 lakh tonne production respectively during the 1966-67.

Agriculture remains the mainstay of Haryana’s economy. The State has made quick progress in agricultural production. Haryana is a leading State in wheat production and productivity, as well as in the productivity of mustard. Haryana was awarded “KRISHI KARMAN AWARD” for two consecutive years 2010-11 and 2011-12 for outstanding performance in wheat production and productivity in the country. Introduction of improved technology in the field of agriculture has encouraged Haryana’s farmers to adopt latest farm practices, thus enabling them to increase their farm yield per hectare as well as their income.

3.4.7 Structural Transformation of State Economy

Over the past 46 years, the State economy has undergone a substantial structural transformation. At the time of foundation of the Haryana State, its economy was predominantly rural and agricultural based. At the beginning year (1969-70) of 4th Five Year Plan, the contribution of Agriculture Sector comprising of Agriculture, Forestry and Fishing in the State GDP at constant prices was highest (60.7 percent) which was followed by Services (21.7 percent) and manufacturing (17.6 percent) for various Sectors. During that time, the predominance of Agriculture was majorly accountable for instability in the progress of the economy due to variations in agricultural production. This led a major drive towards diversification and modernization of State economy and continued successfully in the following Five Years Plans.

During the period of 32 years (1969-70 to 2001-02), manufacturing and Services Sectors recorded much higher growth rate as compared to Agriculture and Allied Sector which resulted in the increased share of Industry and Services Sectors and decreased share of contribution of Agriculture and Allied Sector in the State GDP. The share declined from 60.7 percent in 1969-70 to 28.1 percent in 2001-02 while the share of manufacturing Sector increased from 17.6 percent in 1969-70 to 28.6 percent in 2001-02 and the contribution of Services increased from 21.7 percent to 43.3 percent during this period. In last 10 years, the share of Services Sector in State GDP has increased to 54.6 percent in 2011-12 with the decrease in the share of Agriculture & Allied Sector at 16.7 percent (Economic survey of Haryana 2012-13.)
Chapter 3

3.4.8 Key Industries in Haryana

The availability of natural resources, favorable policy incentives and good physical infrastructure in the state supports investments in various industries such as automobiles and allied industries, IT/ITeS industry, agro-based industries, tourism and commerce. Forming manufacturing clusters and developing physical infrastructure have been significant strategic elements of the state Government in the previous decade to attract domestic as well as foreign investments across industries. Gurgaon, Faridabad, Sonipat, Panchkula, Ambala, Yamuna Nagar are the key industrial districts of Haryana. Haryana State Industrial and Infrastructure Development Corporation Limited (HSIIDC) is the primary promotion agency in the state, which is responsible for creating reliable and efficient facilities for industrialists investing in the state. Many manufacturing plants are sourcing their raw materials from agriculture and therefore agriculture still remains important for the state economy.

3.4.9 Health Scorecard in Haryana

Health services in Haryana are delivered through a network of 54 Hospitals including PGIMS Rohtak, 110 Community Health Centers, around 466 Primary Health Center and 2,630 Sub-Centers, 7 Trauma Centers, 15 T.B. Centers/Clinics, 88 Urban RCH Centers and 469 Delivery huts. New Directorate of Food and Drug Administration has been set up. National Rural Health Mission (NRHM) was launched in 2005, the first phase of NRHM (2005-12) ended on 31st March, 2012. Haryana was adjudged one of the best performing States among non high focus States in the Country in the year 2010.

The expenditure under the national health Mission has increased from 60 percent in 2005-06 to 98.45 percent in 2011-12. There has been reduction in infant mortality rate and maternal mortality rate 30 and 100 by 2011. There are special Schemes to provide basic health services to the people below poverty line. There is involvement of private infrastructure through Public Private Partnership schemes. Access to specialty/super specialty hospitals/services through referral systems and tele-medicine networks have been created. Four tier public health system (3000 health institutions) reaching out to 20 million people has been created. Monthly monitoring of sex ratio is being done as sex ratio in the state is a serious issue, which has resulted in improvement of the ratio to some extent.

3.4.10 Social and Cultural Practices of Haryana

The language in Haryana is Hindi, Haryanvi and Punjabi. Although there are areas with concentration of Muslims and Sikhs, most areas follow traditional Hindu beliefs. Purdah is still prevalent among women. Traditional marriage systems remain along with the system of dowry. However, the joint family system is gradually getting eroded. Education and literacy among women is low. At the time of distribution of ancestral property women do not get any share. Consequently, women are not economically self supporting despite the fact that most of the work is done by them.

49
The cast system remains, but its influence is diminishing. Outward symbols of respect and subservience remain although there is no segregation on grounds of taste. A member of the scheduled caste still cannot sit in the company of the people of other castes and share the hookah with him. Equality with the higher castes is still a dream, but the lower castes dream of it more often.

With reservation, the representation of women and members of the weaker sections in village panchayats is also becoming a vehicle of change. The nature of tenancy in agriculture has undergone a radical change. The element of social inter-caste relationship has given way to a more business oriented outlook towards tenancy. The process of social empowerment is on through greater awareness, political empowerment, education and economic opportunities.

Community life is effectively organized in the villages. Women perform folk dances and sing folk songs at the time of marriages and festivals. Most of the durable goods are purchased during the famous festivals like Deepawli and Holi. Being, geographically scattered rural communities are relatively detached from the mainstream population. But they are more close knit, in relationships largely within the community rather than without. This makes intra community communications rather critical.

3.4.11 Consumption Pattern of Rural Haryana

It is necessary to examine the existing consumption patterns and standard of living with particular reference to rural sections in Haryana. Presently, rural Haryana customer’s expenditure has stretched to products like consumer durables, two wheelers and cars. Being predominantly agrarian, rural incomes tend to be skewed towards a couple of months in the year (post harvest). Thus demand for durables is highly seasonal and concentrated on one or two points during post harvest and festival time.

The income effect in study of economics is defined as the “change in consumption resulting from a change in real income” (Sullivan and Steven, 2003). The overall consumption level increases when the income rises. Further, financial status affects the variety of goods that consumers buy (McConell and Brue, 1999). Thus, income and consumption are absolutely related. Therefore marketers dealing in high involvement product categories like consumer durables must carefully track the pattern of personal incomes for developing a suitable marketing mix for their target audience.

The monthly per capita consumption expenditure (MPCE) is also an important indicator for marketers intending to market their products and services in the rural markets. Purchasing power is another important indicator which requires attention to decide upon the range of products and prices affordable to the rural consumers.

Haryana is also ahead compared to the all-India share of per capita expenditure on education. Share of expenditure on food, durable goods and medical, is almost comparable to the all-India level for the state according to the 64th NSSO round.
Rural residents, depend more on agriculture for their incomes than do urban residents. This dependence is partly to blame for the lower incomes in rural areas, since agriculture usually provides lower incomes. However, villages which are more developed, with better infrastructure and transportation, would have higher incomes (NCAER, HDI 2010)

The purchasing power of rural people is majorly dependent on marketable agri surplus which is to large extent dependent on agricultural productivity. So there is a dire need to spend largely on infrastructure development, availability of fertilizers, information on weather etc.

3.5 NSSO 66th Round 2009-10 Estimates

Among the major States of India, Kerala (Rs.1835) had the highest rural Monthly per Capita Expenditure (MPCE), followed by state of Punjab (Rs.1649) and Haryana (Rs.1510). According to 66th NSSO round, food accounted for around 57% share in the average rural Indian’s household consumption basket in 2009-10. This included 14% for cereals and cereal substitutes, a little less than 8% for milk and milk products, and 8% on vegetables. Among non-food categories, cooking fuel and lighting products were about 8%, apparels and footwear category was 6%, health expenses was a little above 5%, travel and education was 3½% each, consumer services was 4%, and consumer durables was 3½%.

The poorest 10% section of India’s rural population had an average MPCE of Rs.453 as compared to Rs.599 MPCE of the poorest 10% urban population. In both rural and urban areas, the average number of children declines steadily as MPCE level rises. Richer households, on the average, have fewer under-15 members. On the other hand, the average adults per household does not vary substantially with variation in MPCE in either sector.

The share of food is seen to have declined by about 10 percentage points to 53.6% in the rural sector and by about 16 percentage points to 40.7% in the urban sector over a 22-year period. Since the last quinquennial survey (held 5 years previously), the share of food has fallen by about 1½ percentage points in rural India and nearly 2 percentage points in urban India. The percentage of rural population with MPCE above Rs.1000 exceeded 70% in Haryana and Punjab, while in Kerala 80% of the rural population had MPCE exceeding Rs.977.

The richest 10% rural population, had an average MPCE of Rs.2517 which is about 5.6 times that of the bottom 10% depicting tremendous potential for consumer durables in the rural market. Entertainment expenditure was reported by 35% of rural households in 2009-10 compared to 23% in 2004-05 and by 68% of urban households compared to 56% in 2004-05 which clearly indicate that people purchase patterns are going ahead of necessary purchases to purchases influenced by lifestyle and comfort.

3.6 Share of Durable Goods in Consumption Pattern (66th Round)

The share of durables in total expenditure starts (bottom decile class) at less than 1.5% for urban India. In rural India the share for the bottom decile is higher (nearly 2%). The shares then increase for both sectors to over 7% for the top decile class. For the rural sector the share remains under 3% up to the ninth decile class.
Table 3.5: Average rural monthly expenditure per person on consumer durables for northern states

<table>
<thead>
<tr>
<th>Northen States</th>
<th>Rural monthly expenditure(in Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Haryana</td>
<td>61.28</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>37.30</td>
</tr>
<tr>
<td>Uttar Pardesh including Uttrakhand</td>
<td>30.30</td>
</tr>
<tr>
<td>Punjab</td>
<td>90.68</td>
</tr>
<tr>
<td>All India</td>
<td>36.40</td>
</tr>
</tbody>
</table>

All India average rural monthly expenditure per person on consumer durables is Rs 36.40. Haryana’s average rural monthly expenditure per person on consumer durables is Rs 61.28 which is quite higher than an all India average which is a positive indicator.

3.7 Type of Consumer Durables

A "consumer durable" is defined as a consumer good that is not immediately consumed, but renders a stream of services, usually over a period of years. These products could be used over a period of time by the consumers and are considered an indicator of social status and lifestyle. Consumer durable industry has seen an upswing after the liberalization in India due to rising discretionary incomes, availability of goods due to entry of Multinational companies in this industry and increased consumer awareness.

Consumer durables are classified into three categories; White goods, Brown goods and Consumer Electronics. The classification is explained in the table.

Table 3.6: Types of consumer durables

<table>
<thead>
<tr>
<th>White goods</th>
<th>Brown goods</th>
<th>Consumer electronics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air conditioners</td>
<td>Microwave ovens</td>
<td>Television</td>
</tr>
<tr>
<td>Refrigerators</td>
<td>Chimneys</td>
<td>Mobile phones</td>
</tr>
<tr>
<td>Sewing machines</td>
<td>Mixers</td>
<td>Audio systems</td>
</tr>
<tr>
<td>Washing machines</td>
<td>Electronic fans</td>
<td>Digital cameras</td>
</tr>
<tr>
<td>Vacuum cleaners</td>
<td>Irons</td>
<td>Electronic accessories</td>
</tr>
<tr>
<td>Audio equipments</td>
<td></td>
<td>PCs</td>
</tr>
<tr>
<td>Domestic appliances</td>
<td></td>
<td>Camcorders</td>
</tr>
</tbody>
</table>

Source: Author

White goods are big electrical home appliances which are generally finished using white enamel. The market for white goods is moving towards a stage where it could soon be defined “as broad as it can be reached”. Availability of electricity
throughout, has opened up immense opportunities for the white goods segment in rural market especially in the State of Haryana as it has achieved 100% electrification way back in 1971.

In the research study consumption patterns of white goods excluding vacuum cleaners and audio equipment’s would be analyzed for rural consumers of Haryana. Television from the Brown goods category has also been considered as one of the consumer durables as its demand has been rising at a very fast pace in the rural as well as urban market. The total number of Television sold in India in 2011 was 15.5 million and Television industry’s revenue has grown 16 per cent annually to Rs 68,100 crore from Rs 25,700 crore in 6 years from 2009 to 2015 which is more than double and is quite huge (CEAME, 2015).

3.8 Consumption Trend of Consumer Durables

The demand for consumer durables has been growing with the increase of disposable income along with more consumers belonging to double income families. There is a change in the occupational pattern of Indian families. Females are becoming financially independent and have a say in consumption choices of the household not just in urban or nuclear families but also this change has been observed in rural and joint families.

Demand for newer variants in a product category is high in market. Consumers are spoilt for choice in their purchase patterns. The consumer durable goods industry is extremely price sensitive, in which price is the decisive factor in increasing sales volumes, especially for lower middle income segment and below. This industry has attracted significant investment even during global recession. 100 per cent FDI is permitted in the electronics hardware-manufacturing sector under the automatic route. This industry majorly comprise of Multi National Companies (MNCs) and few Indian players. The major players in this industry are LG, Samsung, Videocon, Philips, Electrolux and Sony.

Growing Gross Domestic Product (GDP), increase in purchasing capacity of consumers and high propensity to consume is a driver of growth of white goods in Indian market. Marketers are increasing their penetration of durable goods in rural markets by spending aggressively on advertising, offering sales promotion schemes and financial support through easy and loan free EMIs (Kothari, 1998).

According to report by Indian brand equity foundation (2011) on consumer durable industry in India, rural market is projected to grow at an annual growth rate (CAGR) of 25% from US$2.1 billion in 2010 to 6.4 billion US$ in 2015. Consumer durable market recorded revenue of US$ 7.3 billion in FY11. Rural market share for consumer durables was 33% in FY11. Rural and semi-urban markets have grown at an amazing pace over the last few years which account for increased sales in product categories like TVs, washing machines and water purifiers. By FY15, these markets are likely to contribute a majority of consumer durables sales.

For rural middle class consumers, it is the brand name, technology and product features that are important. Availability of credit and the structure of the loan
determine the affordability of the product. Consumer durables are within the financial reach of rural households in recent years, because of rising discretionary incomes and moderate increase in prices of durables. Another major reason for growth of the Industry is rural electrification up to a large extent which is a necessary requirement for the use of consumer durables.

The consumer durables category can broadly be classified into consumer electronics (TVs, VCD players and Audio systems etc.) and Home appliances (also known as white goods) comprising of products like Refrigerators, Washing Machines, Air Conditioners, Microwave Ovens and Vacuum Cleaners.

The government’s has allocated Rs 80,194 crore for rural development ministry, with a 46 per cent jump, in budget 2013 which is widely expected to boost consumption in rural markets. This could boost demand in a large number of sectors like Automobiles, consumer products, Media, Telecom and White goods. Government has decided to extend interest subvention scheme for short-term crop loans, higher allocation for National Rural Employment Guarantee Scheme (NREGS) which would surely go a long way in putting more money in rural pockets and improving their standards of living. This would, in turn, ensure continued rural demand. In times to come, in addition to higher incomes, improved access to electricity and roads will be key determinants of demand for consumer durables in rural areas across many states.

According to Crisil report (2012), discretionary spending grew to Rs 24,000 in 2009-10 from Rs 14,000 in 2004-05, a growth of over 11 per cent per year, which was higher than inflation and rose about 6 per cent per year over the same period. Rise in discretionary spending and low level of price rise in consumer durables have resulted in higher affordability of consumer durables especially white goods for rural household.

### 3.9 Growth Drivers of White Goods

**Table 3.7: Growth drivers of White goods**

<table>
<thead>
<tr>
<th>Product category</th>
<th>Growth drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air-conditioners</td>
<td>Increased awareness, Changing lifestyles, rising incomes, falling prices, entry of large players and low current penetration in rural areas</td>
</tr>
<tr>
<td>Refrigerators</td>
<td>Growth of organized retail, entry of large players, Low penetration in rural areas and long replacement cycles</td>
</tr>
<tr>
<td>Washing machines</td>
<td>Increased preference due to availability of electricity and ease, rising disposable incomes and preference for comfort</td>
</tr>
<tr>
<td>Speakers and audio equipment’s</td>
<td>Availability of credit, falling prices</td>
</tr>
<tr>
<td>Vacuum cleaners</td>
<td>Minimal penetration in rural areas.</td>
</tr>
</tbody>
</table>

Source: Author
3.9.1 Air Conditioners

Air conditioner is perceived as an expensive high-end product in Indian rural market and its, current penetration stands at 3 per cent. Growth in the white goods segment was largely driven by the Air-conditioner (AC) segment. This segment is expected to grow at 6.7 per cent during 2014 to 2020 (IBEF 2016). Within this, white goods segment, ACs have been the main growth drivers, accounting for sales of 10 million units in 2015 recording a growth of over 90 per cent from 2006. Growth has been slower at around 32 per cent in the window AC segment. This window AC segment is to some extent less organized as compared to split AC market segment. According to Refrigeration and Air-conditioning Manufacturing Association (RAMA) the total number of household Air-Conditioners is quite less in India at around 2% as compared to 20% in Indonesia, 24% in China, 40% in Thailand, 45% in Malaysia.

The size of the room Air-conditioners industry is estimated at 1.1 million in volume terms, and Rs 24 billion in value terms. According to FICCI, AC market is dominated by four major players—LG, Voltas, Carrier and Samsung. LG Company is the most dominant player operating in this product category with 29 per cent market share, followed by Voltas with 11 per cent and Carrier and Samsung with 9.2 per cent each market share in addition to other players like Hitachi and Videocon. The market share of AC in rural market is still very less as it is considered a luxury good and perceived to be very expensive. AC manufacturers need to make people aware about its benefit and make credit facilities available to boost its sale in rural markets.

3.9.2 Washing Machines

The washing machine market may be segmented into semi-automatic and fully automatic machines. The sale of washing machines has increased from 780,000 units to 1,948,000 units during 8 year period from 1999 to 2007, recording a near 12.2 per cent annual growth rate. Semi-automatic washing machines have a leading share of 85 per cent in this category. Washing machines account as the second largest contributor in the white goods segment in terms of sales after refrigerators. Total market sale in 2010 was 4.7 million units.

Fully automatic washing machines demand has been increasing in recent years due to product innovation, competitive pricing and increased convenience. However, semi-automatic machines still hold a dominant place in the consumer basket of Indian families. The share of fully automatic washing machines has been increasing at 44.5 per cent while the semi-automatic market segment is growing around 18 per cent. Entry of Multi National companies in the consumer durable industry has broadened the assortment of more than 10 brands in the market with proliferation of various models and product innovation through technology up gradation. This has resulted in the exit of a few renowned players from the market who have not been able to retain customer interests and profitability.

The penetration level of Washing Machine is relatively low in India as compared to global levels. Many housewives in rural markets prefer to wash clothes themselves rather than invest in washing machines. However, it is expected that
penetration of washing machine will rise by around 6 per cent in the next two years in the rural segment due to change in lifestyles and increased preference for comfort.

3.9.3 Refrigerators

Refrigerators are one of the most sought after appliances in Indian middle class homes. The refrigerator market has two segments: Direct Cool and the Frost free segment. The total Indian refrigerator market was projected at 6.5 million units in 2010, (IBEF report 2011) the largest in this segment. Price reductions, product innovations and increased demand for frost-free segment are driving growth in this segment. A critical element for the success of refrigerator market, given its extensive use, is creation of deeper reach by creating availability in distant and remote locations and increased penetration. Presently, the market is getting reinforced by the replacement segment as well. In Rural market 165 litres had a larger share and now units of capacity 185-300 litres are having increasing market share because of growing credit facilities, increasing family size and also increased temperature levels.

3.9.4 Vacuum Cleaners

Vacuum Cleaners are an emerging segment in the Indian market, but are still at a nascent stage. The drivers for demand have been the change in life style and higher aspirations of consumers belonging to urban middle class and the top income consumer groups. While the market of vacuum cleaners is growing, but this product category in white goods segment is not expected to reach significant volumes soon especially in rural or semi urban areas. Share of this could be credited to the lifestyle compatibility of Indian customers with the product. In the large majority of Indian houses, for instance, floors are not carpeted and the product will have to cater to double requirements of sweeping and mopping. Another major obstacle to the adoption in urban areas has been the availability of domestic help at cheaper rates in most of the cities in India. It is a long way for this product category to create even a small dent in the rural market.

3.10 Conclusion

Although rural markets are difficult to capture because of infrastructure complexity, lack of awareness and price sensitivity but with right marketing mix strategy, it is expected to yield the desired results for the players operating in the market. According to IBEF Report (2016) Rural markets account for 33 per cent of entire sales for consumer durables and have shown a CAGR of 25 per cent for a five year period from 2010-15 which is voluminous. Rural market offers huge potential as refrigerators and washing machines have only 2 per cent and 0.5 per cent penetration in rural market. Durable goods like refrigerators and consumer electronics are going to witness increased consumption as government plans to invest heavily in rural electrification in the next 5 years.

In India, State governments play major role in their socio-economic development process of the country. Many of the development subjects are state subjects. Investments
in the social sectors, like schools and health facilities, and critical economic infrastructure such as power, irrigation and water management systems, land development, state highways and district and rural roads are primarily to be made and maintained by the State itself which can increase the overall growth levels of the state. Haryana as a state has been able to achieve success in some of these areas but still needs to have effective policy framework for the betterment of people of the state in all aspects be it financial well-being or overall development of the State.