CHAPTER-1
INTRODUCTION

A habitation is called rural when it has a population density of 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. Any marketing activity in which the one dominant participant is from the rural area is Rural Marketing. The definition of rural marketing has widened its range going beyond the narrower sense of marketing of agricultural products. Now it incorporates – Both consumable and durable agricultural inputs, fast moving consumer goods, consumer durables. How this has happened, we need to recapitulate.

Rural Marketing has often been defined in a narrower sense to include only the marketing of agricultural products. Marketing of agricultural products have received adequate attention of researchers, policy makers and Central and State Governments. Almost all the states have enacted Agricultural Produce Markets Acts to cover the functioning of the regulated markets. Today there are about 5,000 agricultural commodity markets, which have been regulated under the various State Acts.

The use of manufactured inputs like fertilizers, pesticides, high yielding varieties of seeds, etc. started with the advent of commercial and market-oriented farming with the help of modern agricultural technology. Mechanisation of farming operations also required manufactured inputs like tractors, harvesters, winnowers and threshers. Henceforth many organized industries, manufacturing and marketing these inputs have entered the rural market in
a big way. Thus the definition of rural marketing has widened slightly. The marketing of agricultural production and the agricultural inputs required for production are a part of it.

Many researchers studied the marketing of products like fine grains, cash crops, fertilizers, pesticides, seeds and farm machinery. Still this seemed to be a narrow definition of rural marketing. Other researchers included the cottage and village industry products in addition to the above.

The advent of market-oriented farming on commercial lines, with the help of improved and advanced technology and mechanisation, resulted in appreciable increase in rural incomes. The high yielding varieties programme which was launched in 1964-65 alone was supposed to have increased the rural incomes by about Rs. 1,000 to 2,000 crore per annum. This has given adequate disposable incomes in the hands of rural people. Seeing the opportunity, many organized industries producing consumable and durable goods and providing services viewed the rural population as potential consumers as well. These products and services affected the very life style of the rural people. At last the rural people were being recognized as potential consumers for manufactured consumable and durable goods, and services in addition to agricultural inputs. Now they were not just producers and sellers of agricultural and allied production. Many Companies started penetrating the rural market offering consumer goods, durables and services. This way a very logical move, since the rural people with their increased disposable incomes, could be exposed to convenience goods, so that the drudgery of rural life be significantly reduced and they take to better life styles. Many developmental activities introduced by the Central and State Government like Public Distribution System, Family Welfare Programmes, Television Network etc. also indirectly supported this move. At this stage several researchers and marketing professionals took a more broad view of rural marketing and
included marketing of consumables, consumer durables and services, in addition to the earlier somewhat narrower definition of rural marketing,

From time to time, the definition of rural marketing has been undergoing change to broaden the scope. Hence, it has become necessary to redefine the domain of rural marketing precisely.

It is very common to find cigarettes, tea packets, and washing soaps in any remote village. Now there are villages where sophisticated products like colour T.V., refrigerators, washing machines, apart from transistor radios, mopeds, bicycles, table fans can also be seen and of course the today’s most revolutionary product ‘Mobile phone’ has very well entered the rural household in a big way. Manufacturers and marketers of these products have now recognized potential offered by the rural areas and have entered the rural market in a big way. The Central and State Government development programmes have also opened the rural market for the manufactured products, for example the demand of electrical goods like bulbs, radios, irons, cable and ceiling fans has increased appreciably in the recent times in villages where rural electrification has taken place. Mostly, it has been observed that these goods and services have penetrated the rural market as spill over from urban areas, without much conscious efforts by the marketing men. But today most manufacturers see an opportunity in serving the rural market and people, especially with the near saturation and cut throat competition prevailing in urban areas. Not only have they come to the stage of recognizing the rural areas as offering great potential but also as fast growing market. Some crude estimates say that the rural market is growing at the rate of 8-10 per cent per annum and is anticipated to add new consumption of US$ 90 billion-100 billion over 2012-2017 to the current base of US$ 240 billion-250 billion.
Moreover, the growth of rural India is largely attributed by increasing awareness about need of education. According to the ASER (2012) report, a rapid rise in private school enrolment in rural India has been seen which has increased by 5.5 per cent points over past six years. The literacy rate has also taken a rise by 68.91 per cent in rural India.

Rural marketing is thus a two way marketing process. The content now encompasses not only marketing of products which flow to rural areas, be it for production or consumption purposes, but also products which flow to urban areas from rural areas.

The transactions from urban to rural incorporates the goods and services of all agricultural inputs like fertilizers, pesticides, seeds, tractors, consumable items like toilet and washing soaps, detergents, cosmetics, cigarettes, beverages and consumer durables like washing machines colour T.V., refrigerators, mobile phones, bicycles, mopeds, radios, clocks, electrical goods etc.

The rural to rural transaction limit production and consumption within the rural areas itself as it is mainly the artisans like blacksmiths, carpenters, cobblers who cater to the professionals, household and everyday need of the rural people.

The rural to urban transaction deals with a wide gamut of products which flow from the rural to urban sector. The agricultural products like foodgrains, oilseeds, cotton, sugarcane and others are consumed by urbanites after due processing. Many of these products are basic raw materials for industry-cotton for textiles, tobacco for cigarettes and beedies, oilseeds for edible oil, sugarcane for sugar sans so on. It is estimated that about 40 to 45 per cent of the raw materials required by such industries flow from rural areas. These apart, there are finished products produced by rural industry, craftsmen and artisans which find a market in urban areas. Examples of such items would be lacquer quoted wooden toys, brassware, handloom textiles,
cottage industry products like safety matches, toilet soaps, washing soaps, etc. In fact, organizations like Cooptex, Handicrafts, Emporiums, Khadi and Village Industries Commissions, Khadi and Village Industries Boards of various states and other are encouraging rural artisans and craftsmen. Thus there is considerable amount of goods flow from rural to urban sector.

Thus broadly rural marketing is concerned with the flow of goods and services from urban to rural and vice versa. In addition, the flow of goods and services within the rural areas also forms part of the rural marketing. Thus, this thesis will broadly concentrate on 'marketing' of one category of goods i.e. consumer durables in rural areas.