Chapter 2
RURAL MARKET IN INDIA

Rural India has some specific features. In an Indian village one can see a cluster of houses with a well in the centre surrounded by farming land. People from different castes and religions do not live together and they live in houses scattered all over the state. Regarding literacy and transportation they have much difference from their urban counterparts. Hence, when we discuss rural market, India stands apart from other countries. Villages in India are spread over huge geographical area, and sometimes have very low densities of population (innovationsofindia.com/innovations/default.htm). About 68% of the market remains untouched due to inaccessibility of sustainable development such as transportation, electrification etc. It makes the allocation of products and their ready accessibility challenging. In fact, sales in rural India are inclined more by product availability than by advertisement. Further, the broad popularity of fake brands, which grow mainly due to illiteracy and lack of consciousness of the rural people, the local companies repeatedly copy the logo and colour schemes of well-known brands by slightly modifying the name of the manufactured goods and they attempt to take the advantage from the customers who believe their low standard products for the actual ones. The disposable income of the rural public is quite low, seasonal, unstable and affected by unmanageable factors like floods and droughts as compared to urban areas. This makes purchase of bulk of customer-insufficient products. Small-unit packets are readily accepted as they symbolize convenience and affordability. Purchases in rural India are meant for consumption by the entire family is contrasting to individual preferences. In this situation, it is essential that products are developed such that they are fit for general purpose by all the members. This results in loss of opportunities for firms that gain by customization. On the whole, purchase decisions are influenced by deeply embedded social and cultural norms. Marketers are frequently unable to gain a true representation of the needs and wants of the rural people due to difficulties in conducting market study. Extensive geographical spread and immense dissimilarity in languages increase the time and costs involved. Moreover, a traditional outlook repeatedly restricts women from taking the surveys. Advertisements and other forms of communication also have to be
customized suitably to suit the tastes of the rural people. Marketers are focusing on the rural India to achieve their income targets by raising their existence into the rural markets. Harish Manwani, Chairman, Hindustan Unilever Limited (HUL) who considers rural India the epicenter of India's growth story said that “rural India's prosperity could have such undulate effects that it would add 2(%) per cent to the national gross domestic product (GDP) and facilitate double digit economic growth” (indiabiznews.com/ biznews/ category News Desc. jsp? CatId). Businessmen and investigators are optimistic about rural and semi-urban India to fasten the growth opportunities by selling of products and services through simple ways like village melas (fairs), tinali & chariali, boat branding, mobile vans and wall paintings which prove to be very helpful and at negligible costs. Thus, markets in rural and semi-urban India are balanced to be the upcoming growth drivers due to higher disposable incomes, rising aspirations of people to own quality products and improved road and transport network sustain the development of these places. Rural Indian is the new goldmine and it is projected that the size of the rural market is almost $425 billion, presenting a huge opportunity for marketers to reach this segment. In spite of being inferior to their urban counterparts, the rural customers are driving volumes of expenditure due to their rising aspirations towards a better lifestyle. Increase in literacy and disposable income growth is the other reason for their increasing consumption. Rural India consists of 641000 villages and the population resides in rural India is 831 million (Census 2011). This figure represents around 70% of the total population of India and 12% of the globe’s population. To Mc Kinsey, despite rising urbanization, 63% of India’s population will continue to live in the rural areas even in 2025 as rural population has grown by 12% in last decade and accounts for 40% of Indian economy. The heterogeneous and budding consumer market, contributes more than 50% to India's total consumer market. The Indian rural market has gained significance in the recent times as the overall economic growth of the country has lead to an opening out in the living standards of the rural people (geobyesgcse.blogspot.com/ 2007/02/Urban_Land_Use_Models. html).
POTENTIALS OF RURAL MARKET IN INDIA

Dutta (1994:138) said that rural India is too often thought of as a huge mass of potential consumers branded products. He however argues that out of six lakh odd villages in the country only a few with greater sales potential concern the marketing man and concentrate on the feeder market villages. Despite the disparity and concentration of flounce in rural areas, the number of rural consumers who afford branded products is nevertheless equal to, if not more than, the number of such urban consumers.

Venkatesh (2006:321) informs that in many villages one can see the alternate use of the products other than their actual purpose. People in the state of Bihar feed the cattle with Horlicks as a health drink to fatten them. Similarly, people in Punjab use washing machine not for washing clothes but to make the cloths soapy and rub the animal with this soapy clothe on their skins to relieve them for muscular pains after a day’s hard work; paints meant for houses are used on the horns of cattle for easy identification and theft prevention.

Khan (2004) Building competitiveness in small scale and rural industries in India; Icfai University Journal of Rural Management opined that, the significance of competitiveness in the rural marketing was neglected for a long time in India, but now it is being recognized.

Rajendhiran (2004) highlights the success of a brand in the Indians rural market is an unpredictable as rain. It has always been difficult to gauge the rural market. Many brands, which should have been successful, have failed miserably.

Mojumder etal. (1996) found that potentialities are altogether not observed in the valley for new entrepreneurial ventures. Barak Valley has long tradition in handicrafts weaving carpentry, boat making and also in the manufacture of a variety of goods for domestic, agricultural and other uses. The accumulated experience, availability of cheap skilled manpower congeniality of the social traditions and prevalence of favourable law and order situation, all, acting in union, offer a somewhat favourable environment for growth of tiny and small industrial ventures.

Gopanlaswami (968:139) said that despite the facts that almost three fourths of Indian population is rural and one third of its national income is
generated by the rural areas, many companies’ produced consumables and durables are being sustained by rural demand which has brought a sharp focus on rural markets. He also focuses on the emerging consequences of the present economic upheaval.

Salyulu (1994) said that Indian rural market is much larger as compared to the urban market in terms of population and numbers of households. Until the recent past it has been characterised by low income poor literacy and inadequate infrastructure facilities. It is witnessing significant changes, now. Improvements in the condition of rural market are motivating companies to scramble for the share of huge potential. But serious academic research efforts to understand the model in the rural context do not seem to be keeping pace with the efforts from industry. The rural market functions mostly on the basis of buyer –seller relationship between customers and rural retailers, which fundamentally distinguishes it from the urban market. Trust is the key element for building such long –lasting relationships. Knowing what markets a customer to place his / her trust on particular retailer in a rural setting and what would be its outcome would help companies and their channel. A careful review of extensive literature in marketing suggests a lack of research on such issues, which are very important for the business in developing countries. In rural areas of India, mostly traditional independent small-scale retail stores are prevalent. Such retail stores are present even in the most isolated and remote villages. Usually, people from the locality own the retail stores. The owner of the retail store is a well-known personality in that locality with long history of family business. Thus, retailer-customer relationship is predominantly person-to-person relationships, while the characteristics of stores are also represented by the retailer at interpersonal level.

India’s rural market offers a huge potential for the marketers and seems to be the replacement of urban market. The rural market is extremely attractive with its vast demand and offers the following opportunities:

i. Increase in population, and hence increase in demand.

ii. A marked increase in the rural income due to agrarian prosperity.

iii. Large inflow of investment for rural development programmes from government and other sources.
iv. Increased contact of rural people with their urban counterparts due to development of transport and a wide communication network.

v. Increase in literacy and educational level among rural folks, and the resultant inclination to lead sophisticated lives.

vi. Inflow of foreign remittances and foreign made goods in rural areas.

vii. Changes in the land tenure system causing a structural change in the ownership pattern and consequent changes in the buying behaviour.

Indian economy is an agro-based economy and the growth of most of the other sectors of economy is driven by rural demand. Urban market is reaching towards the saturation point, thus bringing in and urgent need to focus on rural development. Moreover, more than 68% of the total population lives in rural India and constitute a big market, in comparison to only 5161 towns in India there are 641000 villages. This is an indicator where the real India resides. Companies are realizing slowly but surely that the key to gain true market leadership lies in tapping the rural potentials.

STRATEGY OF RURAL MARKET IN INDIA

M.M. A. Baig (1998:125) argues that there being significant differences in buyer and consumer behaviour in urban and rural areas, the basic concept underlying market strategy can be employed in both kinds of market based on the life style behaviour of consumer. He stresses the need to streamline the distribution system in both the urban and the rural areas to improve its efficiency and also to reduce its costs. Drawing the rural consumer profile he pointing out certain unique features, such as; low literacy, scattered population, seasonal demand and so on to be given adequate attention while planning rural marketing strategy.

Ganguly (1997:170) reports that the rural section encompassing about 80% of the total population spread over 6 lakh villages has been completely ignored by the majority of our business houses. Hundreds of products are now being sold for the first time in rural areas with the increased purchasing power, greater prosperity and changing life styles of rural consumers; there is greater opportunity to market a variety of products in rural areas. But to succeed in marketing a proper assessment of the market and a well-conceived rural
marketing strategy comprising proper understanding of the consumers and planning the product to suit their needs are necessary. The author also provides guidelines such as; low cost products, simple package and avoid sophisticated packaging, reusable packaging and application of value engineering for small holders about the growing market opportunities in rural India.

Boyd and Sarin (1996:76) emphasised that the marketing concept has considerable applicability to the Indian management. It is a creative management function; it is essentially a philosophy of business operation rather than a mechanistic process. Market-oriented firms set objectives, plan, organize and control their business activities on the basis of careful consideration of customers’ needs, market forces and opportunities. It is therefore emphasised that the Indian mangers should look outward rather than ‘inward’ to understand the customer needs effectively and execute their company plans efficiently.

Rushidan Islam Rahaman (1996:511) has discussed about the wages in which the rural market may be affected by economic reform in Bangladesh. The structural adjustment policies may impact on rural market directly through the reform agenda for agriculture as well as indirectly through the linkage of nonfarm activities with agricultural growth and through the linkage of rural market with the urban market.

Chopra (196:70) argues that a viable strategy for effective marketing management would involve identification of marketing challenges coming in the wake of rapid technological changes and promptly turning them into opportunities for marketing our products and services. He also identifies certain promising marketing areas in the Indian context and argues that effective marketing not only creates new and bigger cast, and create further demand and eventually achiever economics of scale.
marketing not only creates new and bigger cast, and create further demand and eventually achieve economics of scale.

Menon (1996:328) examines the significance of marketing in the context of small scale industries and highlights the importance of market intelligence for effective marketing and also the problems involved in designing a market intelligence system. The role of state small industries, compensations and their apex coordinating body is highlighted in providing necessary institutional arrangements and services to the small scale units as part of the total package of marketing assistance.

Hassan (1996:349) discusses the issues of the importance and dynamics of marketing research for the public and non-profit organizations and cites several case studies drawn from developing countries. He stresses that marketing programmes of non-profit organizations should be based on sufficient information about the marketing environment and the prospective customer characteristics. This enables managers to undertake effective marketing segmentation and build appropriate marketing strategies. Here he finds little difference between the needs of various organizations, universities, charities, societies, and governmental agencies public corporations or hospitals.

Sharma (1996:239) argues that marketing strategy for small units needs to be structured to suit the changing, growing and varying complexes of national and international markets with the increase diversification of production in the small-scale sector and the restoration of buyers’ Conditions of domestic and international markets, the types of marketing assistance to be given to the small sector has changed. In this context he critically examines various measures of assistance provided to the small units by the government and points out the new direction for gearing up efforts to make the small units strong both in the domestic and exports markets.

Thambi (1996:243) suggests that small sector has to view its marketing function in a broader perspective and not with a narrow vision. He highlights the weaknesses of small scale sector and offers suggestions to overcome them. With the increasing trend towards specialization, he advocates that large industrial units, specialized in producing items with sophisticated techniques, should leave
to the small sector the responsibility of producing parts and components which may not require greater degree of expertise, to solve marketing problems of small sector. He examines critically the government policy for small scale industries and outlays several concrete steps like, new product development, alternation of products, packaging etc to solve some of the marketing problems in the small sector.

Dholakia and Sarin (1996:443) provide guidelines for Indian firms to adopt a more strategic view of their products and markets. On the basis of their observations of Indian firms and their marketing strategies they also discuss the basic product strategies based on high and low levels of market dominance and product excellence. They have cited some good examples and important strategies from contemporary Indian market.

Mane (1996:592) inform that the price policy inventions by the Government have become the common concept of the management of developing economies and the profits should be large enough to finance the expansion programmes of enterprises. Looking at the overall objectives of the public enterprise, the Government loved to strike a balance between communal viability and public purpose and introduced administered prices in some sectors. But the price that is unrelated to the efficient use of the inputs is bound to turn the economy of the enterprises into high cost economy and distant the allocative rate of pricing policy. The result was that the administered prices did not deliver the desired results. He has suggested for free and fuller allocative rationality to the pricing policy.

Srinivasan (1996:526) seeks to establish the superiority of the customers’ needs meeting approach for industrial marketing and to this effect illustrates various industrial marketing situations for gainful application of the problem solving approach. His schematic model of analysis of any industrial marketing, problem and formulation of a marketing strategy can be useful for marketing practitioners.

Bartels (1996:612) examines the rate of distributions in the context of economic development and attempts to know whether marketing can play a formative role in early stages of economic development and what values
determine the objectives for distribution management? In addition, he highlights the challenging opportunities before the marketing profession schools in the field of distribution. He concludes that distribution management can be a constructive formative influence in economic development, but its performance whether entrusted to private or public administration, should be of quality to ensure the maximum benefit of mankind.

Agarwal (2004:04) suggests that rural industrialization should form an integral part of the overall strategy of hill area development and should be accompanied by and well-integrated with the development of agriculture and any strategy for the development of hilly and tribal areas should continuously take care of the traditional skills, crafts, occupations of the people, their needs, aspirations, constraints, limitations and inherent capabilities. In most cases, more necessary is to evolve appropriate technology depending upon its local condition than to transfer already existing technologies. Above all strenuous efforts towards generating awareness about the utilities and usefulness of the newly developed technology need to be mobilized through prerequisites for their introduction in the area. Training in relevant areas should be another priority item.

Parekh (1996:230) examines the importance of efficient marketing mechanism to fully tape our resources and establish a well integrated network of market system which can be a vital factor in changing the economic scene leading to rapid economic growth, without the need for any radical change in the existing economic order, in the context of trading corporations. He tries to indicate the variety and value of the functions which government agencies can do and perform in effective marketing to function the goals of national policy.

Oxenfeldt (1996:562) examines some trends in pricing and highlights the apparent gulfs between pricing theory and practice. A frame-work is presented as an aid to practitioners to structure their pricing decisions. He emphasizes that to manage the pricing functions a firm must develop a detailed hierarchy of objectives of a monitor system explicit mathematical models and most importantly new approaches to pricing management. Many components must be integrated and managed as a unit if the firm is quickly to capitalize on its pricing opportunities.
Goswami (2004:120) says that the Bell Metal Industry with its unique features has much scope for development but due to production and marketing constraints it is lacking proper growth and development. Proper marketing and distribution will increase its consumption and increase in consumption of the products will lead to increase in the demands for these goods. Thus satisfying the growing demand production will be masses thus satisfying their needs of employment. Thus, the development of the industry through government assistance and cooperation of the people will improve the economic scenario of the rural life in the region.

Neelamegham (1996:271) perceives the small scale industry with a significant role to play in economic growth and development. To avail ourselves of the growing volume and profit opportunities in the expanding market in India, it is vital that the small business should apply sound managerial skill and effective marketing strategy to its operations. The author seeks to motivate our small business firms and suggests that they should apply scientific marketing research, sound products, Planning and distribution, cost analysis, sales forecasting etc to achieve stability and growth.

Dynamics of rural markets differ from other markets and similarly the strategies for rural market are also significantly different from the urban or industrial markets. Some of the major strategies include;

i. New product can be developed to meet the needs of rural consumers

ii. Alteration of existing products can cater to the needs of the specific sects of the rural market.

iii. A greater amount of packaging along with colour schemes needs to be done for rural markets.

iv. Promotion of brands in rural markets requires special measures.

v. A successful penetration pricing strategy may lead to large sales volume and market share and therefore lower price per unit.

vi. The cost of marketing and manufacture are kept at a minimum, by using refill pack the price of commodities can be reduced.
The rural revolution is driven by raising purchasing power, changing consumption patterns, increased access to information and communication technology, improving infrastructure and increased Government and NGOs initiatives to boost the rural economy. Since serving the rural areas requires a significant rethinking of managerial practices and the marketers who understand the rural consumer and fine tune their strategy are sure to earn benefits from the rural markets.

WORKING OF RURAL MARKET IN INDIA

Meeta Krishna (1996:331) analyses the estimation of the marketable surplus and marketing pattern of some selected vegetables in, agricultural markets of Ranchi and Jamshedpur. It has been found that due to advent of new technology in agriculture there has been rapid increase in the cultivation of vegetable production. There is found huge potential of both the selected markets in terms of generation of marketable surplus of vegetables. Then, the analysis of marketing pattern shows that the largest proportion of vegetables is sold in rural hats. These rural hats lack sufficient market infrastructural facilities and there is predominance of vegetables in the rural hats. A two-fold strategy is needed for improving vegetable marketing system. Adequate market infrastructure facilities should be developed at the rural periodical hats.

L.P. Singh (1996:173) talked about establishment of regulated markets in Bihar. He has studied the working of these regulated markets such as; Begusarai market, Khagria market etc in Bihar against the backdrop, viz; low literacy, cash crunch of farmers, lack of information of such rural markets in the country as a whole.

Bipin Bihari Agarwal (1996:292) talked about the personnel management of regulated markets or mandi samities, which are directed by the state Agricultural Produce Market Board as it determines the staffing pattern. The board has four divisions; viz., administrative, account, construction and marketing. At last he concludes and suggests that the functioning of Mandi Samiti is not up to the mark and this is an immediate need for improvement in their working if the government wants them to prove a real dynamic centre for socio-economic transformation of the state agriculture.
Rao and Tagat (1996:183) argue that in spite of the conceptual developments, the general marketing theory has undergone changes in the couple of decades, a little has been done in developing a conceptual frame-work to highlight the relevance of marketing to the operations of public enterprises.

Pouchepadass (2000:574) enquires the power relations between the colonial state, the surrogate elites and the cultivating peasantry. He tries to penetrate beyond the colonial record books produced for the services of the colonial state and stylized western idea about a traditional society to reach the local village level dynamics of Champaran and analysed the interrelationship between the colonial state, the penetrating market relationship and the local village-level social-economic relation. He argued that local caste, power and status based on relations significantly, though varyingly modified the modern market relations. The agriculture of the colonial India was basically subsistence agriculture. Production was highly fluctuating with the fluctuation of rainfall. With low cropping intensity and partial irrigation, the agricultural production was sustained by cropping area, which varied with the variation in rain. The food grain production stagnated, while the production of non-food crops like sugarcane, indigo, oilseeds, etc. rose. All these were wholly marketed along with some rice. With the increase in population by 64 per cent and agricultural production growth by 8 per cent during 1960s, the per capita food production decreased and under-employment rose. From the author’s point of view, the stagnation in agriculture is the result of low level of technology, followed by low level of investment. The latter is attributed to the mentalities of land owning peasants who unlike their counterparts in 16th century Europe are disinclined to put in their savings for development of land, irrigation, etc. This apathy for investment/ innovation has been traced by the author to social and political structure of the colonial Champaran, which sustained pre-modern power relations. The social relations were continued to be pervaded by pre-modern relations. The contractual market-based relations were slow to strike roots and infected by the pre-modern relations. The subaltern performed their duties for the Zamindars who protected them whenever it was necessary. All these happened within the framework of Brahmanical ideology. The level of investment in
agriculture is dependent on two elements. The author admits the difficulties of explaining this complex process towards deadlock and suggests an analytical framework that would enable one to explain the essential elements of it. The author suggests two approaches to explain growth, or failure of growth, of non-western societies. One attributes their non-development primarily to the colonial dependence and underplays the internal dynamics of local societies. The other tries to explain this backwardness in terms of a universal model of stages of economic growth and ignores regional specificities. In the case of the social structure of the late nineteenth and the early twentieth century Champaran, the author argues that it is impossible to disassociate the endogenous elements from the exogenous elements and suggests proper use of the complementary aspects of these two paradigms. If one thus accepts his arguments, one has to enquire into the local structure of the colonial Champaran under the tutelage of the colonial state. For the author in this effort the paradigm, enunciated by the Anneal school of thought that privileges the analysis of culture, provides a useful guide.

J.Krishnaiah etal. (1996) has estimated the price elasticity of market arrivals whose value is found to be very low in the case of flowers and fruits. H.N. Patil and Praduman Kumar have noted that the share of the producer in consumer’s rupee is inversely related to the number of middlemen involved in the market channels. The reduction in the length of the channel would increase the share of the producer in the consumer’s rupee.

N. Venkata Rao (1996) has estimated that the share of the producer in the consumer’s rupees was only 20.24 per cent in the marketing of ginger. The highest portion of consumer’s rupee was appropriated by various intermediaries as profit margin. The decision of the farmers while allocating the area under ginger not only depends upon the price of the crop but also upon the price of the competing crop.

N.M. Inamke etal. (1996) says that the large sized milk co-operative societies availed of maximum benefits compared to the small and medium sized milk co-operative societies. T.S. Bhogal and G.D. Chaturvedy opined that if dairy financing schemes for the landless and small farmers are properly implemented, the objectives of quick and significant increase in milk supply from the rural
areas could be accomplished. S. Raju and V.T. Raju have reported that the producer’s share in the consumer’s rupee was 47.50 per cent in the case of terminal markets for major carp varieties while it was 65.51 per cent and 63.63 per cent in the case of local markets for major and minor carp varieties of fish.

K.C. Mahanta (1996) has suggested that there should be a master plan for perspective development of regulated markets in North-East India and grading and standardisation of fruits and vegetables. J.K. Bhavnani has indicated different standards for processed fruits and vegetables to ensure fair food trade. Development credit for agricultural marketing highlights the refinance facilities available from the National Bank for Agriculture and Rural Development for agricultural marketing.

National Council of Applied Economic Research (1996:156) reports that with self sufficiency in food grain production in sight, there is a need for increasing attention to the problems of production and marketing of commercial crops. In respect of tobacco production, one of the major problems is the need to speed up the shift of cultivation of flue cured Virginia tobacco from back soils to light soils of Nellore, Khammam, East and West Godavari and Krishna districts with higher yield potential and better quality. The study relates area changes to price changes in respect of both cotton and tobacco for the period 1955-56 to 1999-67 and concludes that supply response is not sensitive. The observations of the study on marketing of the two commercial crops are of both theoretical and of practical interest. This study, however, finds monopolistic and oligopolistic pressures in tobacco market in Andhra Pradesh. The tobacco market, particularly for the flue-cured Virginia, an export crop, is characterized by a high degree of month to month and year to year fluctuations, and wide degree of variations in prices received between different grades with unsettling effects on production. The study suggests that a Tobacco Board or a Tobacco Development Corporation might be set-up to help the tobacco growers in Andhra Pradesh.

George & Chaukidar (1972:270) examine the production, marketing and characteristics of the farmers adopting high-yielding varieties (HYV) of paddy in the West Godavari district of Andhra Pradesh. The average size of operational holdings was found to be 11.09 acres varying between 1.62 to 93 acres. The main
sources of irrigation were the canal and bore-wells. The cultivation of HYV was confined to the delta area having adequate irrigation facilities. During the kharif season the farmers were reverting to the cultivation of local varieties as the HYV mature in October when rains cause serious damage. The local varieties, on the other hand, mature late and are not thus damaged by rains. However, the area under HYV during the Rabi season was on the increase. The major portion of the marketed surplus (90 per cent) emerged from the Rabi crop and the rest from the Kharif crop. The size of the farm has a direct relationship with the marketable surplus. About 90 percent of the marketed surplus was sold during the post-harvest seasons to repay the old debts and invest in the next crops. The major buyers for paddy were the resident agents as they provided better prices and services. For HYV the farmers generally received lower prices than that prescribed by the Government. For making the HYV programme successful they have suggested various measures; viz., extension of area under HYV during the Kharif season, setting targets for coverage of area under HYV, crop insurance scheme, modifications in inputs, financial help to the small farmers for adopting orderly marketing, assured prices to farmers, and educating the farmers by intensive propaganda regarding package practices and high-yielding varieties.

Roy (1996:62) believes that in a mixed economy with the public sector as dominant one and the ever-increasing government’s action which controls the share of the market, the primary objectives of the marketing manager should be to cut down the costs of expiration rather than the mono-classic objectives of keeping the customers happy with the object of increasing one’s return from business. Improved packaging, better handling conditions, effective delivery system, a better appreciation by the marketing people of machines, banking and other means of financial transactions are some of the ways by which marketing cost can be reduced and its efficiency improved. But the most important challenge of marketing in Indian is the attitude towards quality. The author believes that managers in India too often have a feeling that “anything will go in the Indian market”. The biggest task before marketing management is, therefore, to change this attitude and establish a concept of quality which will help to improve our image and modernize our society.
Mehta and Joag (1996:93) ask as to what extent the Indian business organizations are marketing-oriented whether companies’ viz; Hindustan Lever ltd. Amul etc in India reflect on primarily a product of or selling concept; even in our shattered market environment what attempts is made to adopt a marketing orientation, giving with central focus on the customers in the marketing activities of the firm and whether the companies in India have begin to realize that even a rural market may reap substantial pay off by adopting the marketing concept based on the responses from marketing executives in Indian business organizations. They also tried to investigate the marketing decisions and quality of market performance, on the one hand, and marketing orientation scores of the companies, on the other hand.

Ekbate (1996:205) highlighting the role and importance of market functioning in public sector says that marketing has always been relegated into the backyard and cause for sickness of industry or slow growth of public enterprise has always been traced to either production function or the finance function. Marketing has however not even been thought of or looked into as a probable cause of the ill-working of public enterprise. He emphasized that the marketing function approach, especially in a public enterprise, is not to accept the limitation of resources; rather it explains the means of spending and supplementing them for progressively enhancement of the capacity to provide consumer satisfaction. Thus, this brings out distinctly the advantages of a marketing approach among public enterprises in their decision-making concentrated on distribution, promotion and pricing policies. The importance of marketing research is highlighted. It also identities and advocates the need for understanding and developing the marketing system that can develop markets as well, and not only industries as observed today.

Venkatanaman (1996:476) provides a marketing synergy model which can be usefully adopted for business firms with objective to ensure maximum consumer satisfaction and to get the resultant benefits. Marketing synergy can be thought of as joint preparation of programmes and plans based upon combined resources of two or more independent organizations to achieve increased
individual productivity, enhanced sales and greater customer satisfaction in all spheres of activity.

Sheth (1996:400) said that consumer behaviour is a complex system where there is an interaction of various social, economic and psychological factors. He also describes the various factors which influences the industrial buyer behavior.

Mohanty (1996:511) argued that the important criterion to be taken into account for launching an industrial product is the planning of product’s life cycle and a reasonably perfect demand should be accommodated to the life cycle of the product itself. Citing a case history of ‘brand launching’, he discusses the issues involved in the successful launching of an industrial product which is highly sophisticated and technology-oriented.

Sharma (1996:546) said that product and package go together more often than not and image of the product is built by its package. He provides a proper perspective in the reasons for failure of planning for packaging in many organizations. The success of effective planning for packaging depends to a greater extent on the quality of inputs. He stresses that for success in planning for marketing one should keep in mind the interest of the ultimate consumer.

Ray (1996:551) discusses the importance of packaging in a marketing programme pointing out the fundamental factors responsible for differences in efficiency between the packaging industries in India and abroad. Highlighting the recent developments in packaging he emphasizes the importance of economics in bulk handlings and transportation. Finally, he calls on the packaging industry to undertake the task of educating the consumers in the use and economics of packaging.

Mathew (1996:583) discusses the relative importance of profits, prices and efficiency in the context of both the private and public sector under takings in India. In the context of public sector organizations, he argues that after laying down the conditions necessary for the manager to satisfy the test of efficiency, the government should withdraw from imposing further restrictions on his actions. This is the main reason for efficiency of the private enterprise.
Subbarao’s (1978:173) the study sets but the twin-objective of examining the economic efficiency of the prevailing paddy/rice marketing system in Andhra Pradesh and evaluating the impact of public intervention through compulsory procurement of a paddy/rice on the producers as well as processors. It discusses the factors influencing the competitive marketing system and the influence of compulsory procurement at lower than open market price on the returns to producers, mainly on the leases of the primary data collected from a sample of 101 rice producers spread over five predominantly rice growing villages in West Godavari district, though secondary data were also used quite carefully. Noticeably, the author found 26 cultivators from his sample, who had operative holdings below 5 acres, each, not reporting any marketed surplus at all, and the analysis was based on the remaining 75 cultivators. Under the normal productivity conditions, the farmers having more than 2 acres of rice land produce marketable surplus, even in low rice productivity areas like Shimoga and Raichur in Karnataka. In high rice productivity areas like Mandya, the farmers having more than one acre of rice land produce marketable surplus. West Godavari being a high rice productivity district, it would be logically expected of the rice growers there to produce marketable surplus at least at a level higher than that of one acre of rice land, if they are to be on par with Mandy farmers. There could be some special circumstances during the survey year for the sample rice growers from West Godavari for not producing marketable surplus up to 5 acres of holding, but the author does not specify such circumstances. The second important shortcoming of the primary data is the absence of knowledge about the brokers and the wholesalers at the village level. Marketing is a two-way transaction where the producers sell the commodity and the traders directly or through brokers buy it for further processing before it is released to the final consumers through the network of retailers. The rice millers play a very important role as the super dealers. Some case studies of the brokers and the wholesale dealers at the village level and also of the private rice millers who control the commodity after processing would have much helped in understanding the conditions of rice marketing. Information regarding on the nature of the relationship between the rice producers and the brokers/wholesale
dealers also would have been useful to know about the fixation of price. About the marketing system at the village level the author’s narrative information is insufficient to understand the actual system at operation. Mere figures for the number of wholesale dealers and brokers, the distance of the village, the storage capacity available, etc. could not help much in understanding the competitive nature of the marketing system. Thus, the study lacked a perspective in collecting proper information and analysing it. However, he come out of this deficiency in the second part of his thesis, dealing with the impact of public intervention in rice marketing through compulsory procurement of paddy/rice, to successfully demonstrate that the producer levy does not involve real income loss. The weighted prices (the open market price as well as the levy price weighted on the basis of quantity sold) realised by the rice growers appear to be not less than the prices that would have prevailed in the absence of levies. The exercise done by the author to prove this is really of high research caliber. Finally, there is no alternative to compulsory levies on the producers and rice millers at least in the near future. Even when the compulsory levies of rice are fully realised the weighted price realised by the growers would be equal to or more than the prevailing open market price in the absence of levy collection. The more useful for the policy makers would have been to extend this exercise further to arrive at an optimum level of levy to be collected from the rice growers which would have given a weighted price equal to the prevailing open market price in the absence of levy. The exercise done in the study is helpful in justifying the presently imposed levy burden levies burden of the farmers.

Lele (1971:264) finds for long, agricultural marketing as a neglected subject in India, which however, witnessed a change in 1960s when wave of literature appeared in quick succession, mostly in defense of the performance of the private trade. He examined a few facts of marketing agricultural commodities in India, and developed a systematic and scientific methodology for analysing the economic performance of the marketing system viewed from those selected facets. The burden of most of these studies has been that the private marketing system in farm commodities in India has all along functioned efficiently in economic terms. The assembling and the terminal markets in different
commodities disclose close textbooks conditions of perfect competition. There are no legal or economic barriers on new firms from entering the market, nor is there any evidence of collusion among the traders to exploit the farmers and consumers. The inter-market price differences do not tend to be greater than the transport costs and, therefore, in all commodity markets there exists perfect market integration. The seasonal fluctuations in prices are consistent with storage costs, and hence no returns from speculative holdings of stocks. Finally, as the marketing and processing margins invariably tend to coincide with the actual marketing and processing costs, they yield no exploitative profits to the traders. Lele offers little convincing evidence of either allocative efficiency or distributive justice of that system in our economy riddled with wide disparities in incomes and purchasing power. A competitive price facto does not guarantee such efficiency or justice. In India, the drought situations, in several parts of the country have unmistakably proved agriculture as a gamble. As a result, the free market prices tend to fluctuate widely too. What is more relevant to a marketing efficiency analysis in food grains is not regional price disparities, which were smaller in conditions of free mobility and a free flow of grains than restrictions and transport bottlenecks during their movement but more important is to know whether the per capita availability of food grains between regions showed significant differences under different conditions of both trading and movement of food grains. Still more important, is to analyse whether the availability of food grains in terms of both quantity and price ensured the minimum needs of different regions and especially of the vulnerable sections and local populations. Unfortunately, the marketing efficiency studies developed on the borrowed Western economic thought & price analysis models shed little light on these vital issues.

Rural market is a place of trading of commodities to maintain the demand and supply to ensure a fair deal to the producers and sellers. Workings of the rural market (i) enhance sales and customer satisfaction; (ii) maintain the balance of demand and supply; (iii) analyse the investment patterns and indebtedness of the marketers and (iv) analyse consumer behaviour. India has contributed universal supervision of a unique rural market, which is not individualized in
nature like West, Indian rural settle in big families (joint family) which is a unique feature. Here, the unit customer is even a large portion, which offers opportunity to sell in a large scale. On the other hand, like rural Africa (Mtubi, Sauri & others) marketers need not to start infrastructural development from the very scratch which in turn increases their cost. There are many factors which make rural market worthwhile.

PROBLEMS OF RURAL MARKET IN INDIA

V.S. Ramaswamy (1996:650) points out the major hurdles of tapping the rural market which include the difficulties in certain effective demands for manufacturing goods, transports, warehousing, physical distribution problems, dealer network problem, promotional and credit problems etc. After discussing existing pattern of distribution in rural areas, he recommends fast distribution system for penetrating the rural market. In the end, he gives a plan to establish regulated markets and improvement of transportation system and to produce market intelligence report in meeting the distribution challenges in rural market of India.

Indira Hirway (1995:63) attempts to understand the nature of rural poverty in the context of rural market so that understanding can provide important clues for labour market interventions and policies for alleviating rural poverty. The author observed that there are positive linkages between economic growth, rural labour market and reduction in rural poverty; there are several structural issues of the rural market, viz; scattered population, low literacy, lack of awareness regarding marketing policies and so on, which create obstacles in these positive linkages during the different phases of growth.

Dey (2005) observed that lack of up-to-date marketing practices and deficiency in entrepreneurial zeal were the major causes of sluggish growth of small scale industries in the district of Lakhimpur, an industrial backward district of Assam. Dey (2002) observed shortage of raw material as a major operational problem of the small scale industries located in the industrially backward district of Cachar. It was found that 95% units surveyed were suffering from capacity underutilization, while the average capacity underutilization of the district was
found to be 47% only. The study also observed that the government was mainly interested in policy formulation rather than in their implementation. In many cases good policies remain in papers as documents due to administrative incompetence or deliberate attitude of the bureaucrats. The study pointed out that the educated youths should give up their narrow attitude of remaining in search of white collar jobs. They should give up their tendency to take up entrepreneurship half heartedly. He recommended that in order to motivate entrepreneurship as occupation among the educated youth, mass publicity in the educational institutions like school, colleges and universities regarding the opportunities available for setting up of self employment ventures under small scale sector are essentials.

Neelamegham (1996:19) found that not only marketing is today viewed in a broader perspective but its basic philosophy and principles are being applied increasingly even to non-profit organizations. He also examines the major changes, such as marketing in India, changing consumption pattern, changing pattern of rural market, marketing challenges and export marketing etc. that have taken place in India during the last three decades and their effect on consumption pattern and on the structure and growth of markets in India. It also examines the latest government policy on liberalization and its implications for marketing firms in India. Finally in the context of growing competition, increasing consumer sophistication and the changing character of urban and rural market the major tasks of marketing in India are outlined.

Morris (1996:56) opines that marketing is an infrastructure to developing economy. He emphases that in an emerging economy marketing must begin with a study of its problem of resources and their utilization rather than the teaching, for stimulating is to identify opportunities by which the value of scarce resources can be significantly increased by conversion into their products. He highlights the major role which marketing has to play in enhancing export capability in the regeneration of agriculture and industry and in implementing national policies and programmes such as family planning, changing food habits and even national integration.
Sapru (1996:250) highlights the marketing problem of small sector by dividing them into five groups: those which function as ancillary to major industrial units exclusively, those which function as ancillary to major industrial units but at the same time go to the market for spares which cater to regional market and lastly which cater to the national market and outlives the specific issues faced by each of them. He also discusses the role of National Small Industries Corporation and the government in helping small scale industries to develop their marketing expertise to sell their products more effectively in the market.

Baishya (1999) found that while the cottage industries were generally decaying and dying, the small–scale industries were developing in the period 1970-71 to 1980-81. The study pointed out that, traditional industries faced stiff competition from the modern sector.

Desai (1996:567) discusses problems relating to transfer of price in the context of evaluation of divisional performance in a decentralized company and wish to know about the problems in using division of convenient profit as an evaluation index on the basis of transfer price.

Godrej (1996:538) highlights the problems relating to marketing of consumers durables in India. He stresses that marketing policies, besides being tail ended to the type of product, have also to be fashioned. Keeping in mind the economic environment in which organizations are functioning keeping in view the economic situations prevailing in India he also discusses the various elements of marketing mix for designing an effective marketing plan for selling especially consumers durables in the Indian market.

Ghosh (2004:139) mentioned that, apart from the socio-psychological and demographic variables, economic factors have important role to play for the survival of the enterprise. In Indian cultural setup, family support is very important. The study observed that the entrepreneurs who inherited their business from family generation entrepreneurs and there is a scope for developing rural enterprise in the areas of fruit processing with the entrepreneurs, that there are problems of marketing competition and other infrastructural facilities in this
region. But still their attitude towards task, self determination initiatives etc. are positive signs for future development.

Sengupta and Das (2004:149) said that although the periodical markets function with limitations, there is no denying of the fact that they play an important role in the social and economic life of the people. An effort therefore needs to be made to improve the basic infrastructure industrial facilities which might be able to solve problems; otherwise these periodic markets are itself an indication of their importance in rural areas of Meghalaya.

Talukdar & Bhoumik (1993:285) examine some of the emerging issues involved in the development of marketing of perishable agricultural products in India, especially in the north-eastern region. The marketing of perishable products is a complex process. It includes all functions and processes involved in the movement of the perishable products from the farmers to the consumers. A weak marketing system not only affects the farmers and the consumers but also the total economy. Therefore, perishable products need special attention for orderly marketing.

Siddhu & Chanda (1979:127) give a refreshing insight into the production and marketing problems of wheat in India with special reference to Punjab. The study endeavours to ascertain the factors associated with wheat revolution and also attempts made to quantify the effect of various variables which caused fluctuations in wheat yields. Again, it examines the price policy for wheat during the past decade to evaluate the various approaches with a view to finding out an intervention level of price of wheat. There were quite a large number of factors which were responsible for the dramatic break-through in wheat production in Punjab. Out of these, the switch-over to Mexican varieties of wheat coupled with assured remunerative wheat prices, increased consumption of fertilizer and the availability of irrigation facilities were the most important variables. It concluded that the tremendous progress in wheat production in Punjab was mainly due to the increase in wheat yields.

Pandey (1998:88) has examined various issues of marketing of fruits and vegetables in the north-eastern states which draw attention of the North-Eastern Council for market development in this region. The marketing pattern differs
from place to place from commodity to commodity. Its dimensions may even vary from rural to urban areas.

H.S. Gopala Rao et al. (1996) opined that even if the licensed traders are operating in the urban market informal sector seemed to be the best suited for marketing vegetables. The informal sector mostly comprises women hawkers.

V.P.S. Arora et.al (1996) argued for implementation of market regulation at the retailers’ level. It should cover all important transactions and the people should be saved from exploitation in all his dealings. However, a free market may be allowed to operate in relation to non-essential commodities, since any effort to regulate or organize transaction of all commodities exclusively through a cooperative or other public sector system may weaken the effort and also deprive the market of its lively facet of fun and playfulness. They should, however, be protected from bogus and harmful commodities through strict regulation and exhaustive inspection. P.B. Parthasarathy (1996) points out that the malpractices can be regulated to a great extent by state intervention.

S.K. Sharma et.al (1996) has observed that transportation is the main hurdle in the marketing of vegetables of Himachal Pradesh hills. Scattered population and unavailability of all weather roads is the main problem for marketisation of agricultural produce. He further suggests the development of transportation and establishment of cold storage in the state to solve the problems.

Kapoor, Chand & Kapoor (1996:255) said that the problems of small scale industries vary, time to time, in their magnitude and dimensions. Historically these problems have ranged from non-availability of material and finance to a stiff competition in the market. The central and state governments should effectively resolve the baffling marketing problems of small scale industries, including stiff completion in general and those relative to raw material and accessories storage, packaging, transport, price fixing and promotion and distribution system in particular.

Joshi (1971:407) talks about the problems associated with the marketing of agricultural produces that have gained considerable significance in recent years. The unsatisfactory performance of market functionaries has been
considered responsible for the artificial scarcity, poor quality, and soaring prices of agricultural commodities. It pointed out that a number of malpractices were prevalent in the marketing of agricultural commodities. One of the important steps taken to remove such malpractices was the regulation of markets to bring under statutory control market practices and market charges. The author also discusses the personnel requirements and service conditions of employees in the market committees in detail. He pleads for creation of a ‘Gujarat State Regulated Markets Service’ to improve the caliber of the people associated with the system. The market committee is a nerve centre of the activities of a regulated market. The functions of the market committee are to provide facilities for orderly marketing of regulated commodities and to play an effective supervisory role within the framework of law. The author makes a number of suggestions for the efficient procurement, utilization, management, and control of funds. The author has exposed certain shortcomings in the implementation of measures for helping the producer-seller. For instance, financial assistance from banks on the basis of warehouse receipts remains on paper only. Consequently, the general commission agents and brokers are very active in the provision of credit to farmers. The author observes that the parallel growth of producers’ co-operatives and regulated markets has created serious rift between the market committees and the co-operatives in some areas. The author argues that the marketing co-operatives must function as complementary rather than competitive agencies. Significant changes have taken place in the market structure and working of regulated markets during the last decade.

The rural market offers a vast untapped potential, it should be acknowledged that it is not easy to operate in the market because of some major problems. Some of the major problems include:

i. Low literacy rate of the rural India compare to its urban counterparts, there is not enough opportunities for education in the rural areas.

ii. Seasonal demand for goods in rural markets and therefore the demands or buying capacity is not stable or regular.
iii. Many villages are not connected by all weather roads and kachcha roads become unserviceable during monsoon and interior villages get isolated or disconnected.

iv. Communication now a days is a need of a hour or even a minute for smooth conduct of business but, it continues to be a far cry in rural areas due to lack of communication facilities like internet and telecommunication etc.

v. Life in rural areas life of a people still governed by traditional customs and people do not easily adopt new practices.

vi. Poor infrastructural facilities like cemented road, ware houses, financial facilities are inadequate in rural areas and it leads to costly distribution.

vii. Lack of up to date marketing practices and deficiency in entrepreneurial zeal and inadequate policy implementation.

The rural market of India is fascinating and challenging at the same time. It offers large scope on account of its sheer size and it is rising gradually. Even a small development can push up the sales of a product significantly, in view of the enormous base despite the fact that there are huge amount of problems.

IMPACT OF RURAL MARKET IN INDIA

Rao (1996:38) opined that marketing is no longer confined to business and industry today it is being increasingly realised that the marketing technology can be used in solving several socio-economic problems facing the developing countries. Author point out and highlights how the powerful tools of marketing can be effectively applied to the promotion of social objectives of the developing countries such as family planning and population control rural development educational development industrial growth and tourism.

Acharya & Agarwal (1992:403) says that marketing system plays a crucial role in achieving the twin objectives of providing remunerative prices to the farmers for their products and ensuring regular supplies of these products to the consumers at reasonable prices. Effective marketing, in addition to bringing proper utilization of the produce that might otherwise go waste, also motivates
the farmers to produce more in order to maximize the returns from their fields. Efficient agricultural marketing helps in effective distribution of farms products and inputs at the minimum cost from the producers to the consumers.

A.K. Giri (1996:225) talked about the first generation problem of lagging behind in food production which has been solved to a great-extent as a result of breakthrough in Indian agriculture made through bio-chemical revolution in conjunction with irrigation facilities. He observed that marketable surplus ratio for cereals varies from 16% to 52%, minor cereals having less marketable surplus than the major cereals like wheat, paddy etc. Because of lower volume of production of the former than the latter the commodities having higher marketable surplus ratios found to have increased their contribution in the total value of output over the years, whereas reverse is the trend for commodities having lower marketable surplus.

Prasain (2004) said, 21st century witnesses an unprecedented change in the world scenario, characterized by scientific wonder; prospects in most established market spaces are shrinking steadily. Scientific advancements have significantly improved industrial output, permitting suppliers to produce an unprecedented range of products & services.

Sudhamati (2003) discusses the fall of trade barriers between nations & regions, information of products & prices become instantly available throughout the world with internet and makes niche markets & monopoly disappears. Moreover, low population growth in the industrial countries of the world led to reduce the demand also. Thus, the balance between supply and demand fails, this situation results into commoditisation of products & services. As products and services more and more become commodities in overloaded industries, then, profitable growth shrinks, companies are driven to compete mostly on cost. One result of this has been shift in the rural markets and this means moving goods & services from 'Urban centers' to "Rural markets".

Mehta and Joag (1996: 93) says in the developing & underdeveloped countries although major burden for rural development lies on the shoulders of government, but corporate while taking strategic initiatives specially designed to meet the indigenous needs could also motivate the community to participate in
the developmental process, this could be in the form of 'Shram Dan' or monetary assistance through forming committees with local head; this not only sheds burden of companies but also empowers the communities which aid in sustainable development; every time they need not to look on foreign body but could solve their problems by their own.

Rural markets play a pivotal role in the development of the society. Rural market has a wide impact on the socio-economic aspects of the mass people. The impacts of rural market are enumerated below.

i. Infrastructural development such as rural electrification, drinking water facility, improvement of roads etc.

ii. Balance between demand and supply in the rural areas and proper utilization of agricultural and horticultural produces.

iii. Increases farm production and income which leads economic development.

iv. Rural markets have a wide impact on the growth of agro-based industry widening scope for better transaction.

v. Adoption and spread of new technology in rural markets generate employment opportunity, improvement of living standard.

Thus, looking at the situation and the impacts of rural market on the society and the opportunities which rural markets offer to the businessmen it can be said that the future is very hopeful for those who are able to understand the dynamics of rural markets and make the most of them to their best. A major change in the attitudes of the rural marketers towards the vibrant and growing rural markets is called for, so they can successfully impress on the 831 million rural consumers spread over 641000 villages in the country.

Rural markets are the hotbeds of innovation. Although rural India seems to be a huge unexploited market, there are certain problems that slow down firm’s activity ventures to tap rural markets. To ensure that socially appropriate technology is chosen, it is necessary to involve "the communities itself in the mechanics of technology choice, even if new procedures and institutions have to be created for this purpose". The potential of this large section can't be realized without an entrepreneurial orientation. The biggest mistake is to consider the
opening of rural markets a natural extension of the existing urban markets. The requirement of the rural people is significantly different from that of the urban areas, owing to varied demographic, social, economic and psychological environments. Thus the market offerings have to be suitably modified to meet the exact requirements of the rural customers. The universal pattern of rural residents exhibits a group having more homogeneity, which somehow shows changes due to migration. Contrary to this, the villages in India are the settlements of specific castes & sub-castes (Jati, Gotra) whose functions are predefined and so are the value system and preferences. They cater to the local specific needs of local inhabitants also, e.g. Kumhar is known for pot making, thus, would not cultivate the land; Yadavas for dairy activities. So a typed “Von Thunen theory of agricultural land use 'based on economic rent could not show path to marketers; which otherwise could help in calculating percentage of rural in direct contact with urban land and thus identifies degree of customization required. The most relevant point to note is that this segment is tremendously disjointed and spread out over a large geographical base.” The cultural and behavioral differences vary not just from state to state but from village to village. Mapping out this difference in consumer behaviour is the key to any successful rural strategy. A closer look to rural India shows that there is a huge difference between rural community based on rural livelihoods and one where a large proportion of the population works in an urban area but happens to live in a rural area. These customers have ready access to urban services leisure, economic or health. Communities that are rurally focused tend to be farther from urban centres, particularly main urban centres, and have poorer access to services. This in turn resulted into achievement of certain promises of enhancing infrastructures of village, on the one hand, and also made rural people to be more informed and exposed to environment. This excessive growth of rural market make marketers feel hopeful that they could take advantage of new market for extending their product life-cycle which in turn not possible for urban market and it becomes a nightmare for them. Rural areas are treated as the left behind category of urban areas. Marketers, if want to grab real and sustainable advantage of rural market should come out of the myth that rural market is an expansion of urban market. But rural character is not limited to
any such definitions. It is economically, socially and psychologically different from their urban counterparts and is characterized by distinct rural psyche believe in value system and high need for affiliation. Rural should not be considered as non-urbanised and not the neglected subsystem of the system but an absolute feasible system in itself, having their own model of development.

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