

## Rural Market Environment

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### *Abstract*

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*The majority of Indian population undoubtedly lives in rural parts of the country. This large size, high market potential population is often neglected and remains unexplored comparing with its counter urban population. The present rural population lures multinational companies to market their products that records positive metamorphosis demanding many problems to be tackled in rural marketing. The concept of rural market in India is still in evolving shape and the sector poses variety of challenges. The present paper shall highlight the structure of rural marketing environment in order to identify the challenges that would be faced by the marketers in rural area. The respondents from different income groups rank the problem of purchase and their consensus is examined in detail.*

**Key Words:** *Rural market, Challenges, Marketing Environment*

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### **INTRODUCTION**

The importance of Indian rural economy can be understood from the fact that nearly 70 percent of India's population, 56 percent of its income, 64 percent of its expenditure, and 33 percent of its saving come from rural part. Economic liberalization and government lead infrastructure

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development has opened up rural economy. It has changed from slow growth, self sufficient agriculture economy to fast-growth economy. The resilience of rural economy during the recent economic recession was remarkable.

Nominal rural GDP has increased to over 12 percent per annum in the last few years, the highest for any three year period in several decades. There has been significant improvement of human development indicator due to increase in rural literacy levels, improvement in health indicators, and increase in per capita expenditure, improvement in housing, decline in poverty levels, and increase in life expectancy.

The rural economy has undergone a structural shift, from predominantly farm-based to a mix of farm, of farm, and services economy. The transition has occurred at three levels – food grain crops, on land activities and farm activities.

## **The physical environment**

The physical environment in rural area comprises of settlement size and rural housing structure.

### **Settlement**

One of the deterrents for the marketers to exploit the rural market potential has been the vastness of area to be covered and the location of population. Villages comprises of home stead land (abadi) where framers normally live and cultivated land. The housing pattern is based on kinship, cast on religious groups.

In the last decade, villages with population less than 500 have decreased by 5%. These villages do not have any shop and are dependent on near

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by markets. 25,000 villages from the 'less than 500 population' category have upgraded to 500+ population category. Villages in the 2000+ population strata are most prosperous. These villages have around 16 shops. As per the 2001 census survey, 17% villages in this category account for 50% of rural population and 60 percent of rural wealth. In the last decade, almost 23,000 villages have been upgraded to 2000+ population category.

### **The rural housing pattern**

One of the indicators of socio economic class in rural area is the type of house. Over the last 20 years the trend in house type has changed dramatically, from less permanent, semi-pucca or kuccha, to more permanent pucca types. It is found that 62% of rural houses are pucca, owners of such house possess sufficient disposable income. A majority of low income groups lives in kuccha houses. The

### **Social and Cultural Environment**

The rural market is not only a scattered market, but is also diverse and heterogeneous. Rural consumers are diverse in terms of religious, social, cultural and linguistic factors.

### **The village Community**

The traditional village system was cashless, stable, and self-sufficient economy system. Due to developmental and socio-economic changes, this system collapsed and has become more open and dependent. The interaction among community members in rural area is frequent and intense as compared to urban one. Almost all festivals are celebrated in rural areas and major purchasing is done either after harvesting or during festivals seasons or at the time of family occasions. The major decisions

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are taken collectively and after the consultation with elders and community leaders. The village administration is governed by Grampanchayat, part of three tier Panchayat Raj structure.

The Gender discrimination in rural is decreasing, the status of women in villages is improving. The technological environment

The technological environment up gradation has resulted revolution in rural economy. This resulted because of farm mechanization and adoption of Information and Communication Technology, leading to transformation of rural consumers with increased consumption of new product and services.

## **Rapid mechanization**

Rapid mechanism has contributed much for green revolution in India. Mechanization, primarily driven by the increased use of tractors, is replacing manual and animal labor. The share of tractor power has increased from 30 to 46 percent between 1990-91 and 1995-96, at the cost of decline in the share of animal power from 16 to 7 percent for the same period. All these have resulted in better productivity in agriculture. The information and communication technology revolution improved the connectivity, skills of rural youth and access for information. The evolution of computer, internet and mobile phones has change the lifestyle of rural people.

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