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Abstract

India is paving its way to become 3rd largest economy in the world. The rural market in India with its very big size and need base offers a great opportunity that companies cannot afford to ignore. The country INDIA with 1.35 billion people of which 70% lives in rural areas, it means more than 700 million people are living around 6,40,932 villages. India's rural population includes 17.5% of the world's population presenting a big, unused market. Over 70% of sales are made for middle class households today and over 50% sale is in rural areas of India. The sector is excited about a undeveloped rural population whose incomes are rising continuously and which is willing to spend on goods designed to improve lifestyle. Producers are making new master plan for selecting the rural consumers. Now India is witnessing a change- a change in the pattern in which it is growing, with the changing demographics, the pattern of marketing would also change. As rural entry increases, the rural markets would command more and more share of the overall consumer market area. The main purpose of this paper is to present the current situation of Indian rural market in present economic scenario and the opportunities, rural marketing strategies, problems along with challenges exists in rural marketing.

Learning Objectives

After studying this lesson, you should be in a position to:

- Explain the nature of rural economy
- Highlight the characteristics of rural markets
- Describe the differences between rural and the urban economy

Introduction

Indian economy is based on agriculture and the growth of the most of other sectors of economy is driven by rural demand. In compare to just 7935 towns in India there are 6,40,932 villages in India. This in itself is an indicator where the real India resides. Companies are gaining slowly but surely that the key to gain true market leadership lies in tapping the rural potential. 915 million Indians constituting 19.31 crore households reside in 6,40,932 villages (Census, 2010). The area of the rural market itself speaks of its potential. Now the manufacturers are looking forward to capture the opportunities in this new era of market in India, as they are witnessing a decline in their growth rates in urban markets due

to market saturation stage and they do have a huge, uncovered and untapped rural Indian market. The driving force for this is; rural youth who are educated, substantial increase in the purchasing power of the rural communities. A survey made by India's premier economic research entity, National Council for Applied Economic research (NCAER) shows that rise in rural incomes is keeping pace with the rise in urban incomes. The rural middle class is growing at 31 per cent, close to the urban middle class which is growing at 40.1%.

Rural Market

Rural markets are defined as those parts of overall request of any frugality, which are distinct from the other types of requests like stock

request, commodity requests or Labor economics. pastoral requests constitute an important member of overall frugality. generally, a pastoral request will represent a community in a pastoral area with a population of 2500 to 30000. In recent times, pastoral requests have acquired significance in countries like China and India, as the overall growth of the frugality has redounded into substantial increase in the purchasing power of the pastoral communities. Astronomically pastoral marketing incorporates the marketing of agrarian products, pastoral diligence products and services of numerous kinds. In no sense, a social cluster or village frugality as a total can be developed without effective and effective pastoral marketing. Therefore product and marketing are the two angles of a coin. Rural marketing constitutes the nerve centre of rural development activities. We also need to understand the other components of rural marketing which plays a major role in differentiating it from, urban market . these are :- The **4 Ps** of rural marketing are **Product, Price, Place, and Promotion**. These are the key elements that marketers in rural areas need to consider when developing their strategies to reach and engage with consumers.

The **4 'A's** model—**acceptability, affordability, availability, and awareness**—incorporates all the elements of 4 'P's marketing mix model that are from an organization's point of view. Marketers prefer the 4 'A's model as they are more customer centric.

The **4 Cs** of marketing are a framework that focuses on the customer's perspective. These four elements are: **Customer, Cost, Convenience, and Communication**. It's a customer-centric approach that aims to understand the customer's needs, make purchasing easy, and build a connection through effective communication.

Opportunity:

- India's rural population comprises of 17.5% of the world's population presenting a huge, untapped market.
- The importance of the rural market for some FMCG and durable marketers is 35% of total sales.
- In 2025, rural India is projected to experience significant growth in phone connections and internet access, driven

by factors like increasing smartphone adoption and government initiatives. Specifically, a large portion of new internet users, estimated at 56%, are expected to come from rural areas.

- In India, rural areas have a higher proportion of internet users compared to urban areas. In 2023, rural India accounted for 442 million internet users, exceeding the 378 million in urban areas. This trend is driven by increased internet access through mobile devices and government initiatives like the Digital India program.
- The online market in rural India is experiencing substantial growth, driven by increased internet penetration and rising digital literacy. Rural India is expected to be a major driver of e-commerce growth, with over 60% of demand projected to come from tier 2-4 towns and rural areas by 2026. Government initiatives and improved logistics are also contributing to this growth.
- Two-Wheelers in rural markets grew by 8.39%, comfortably outpacing the urban growth of 6.77%, while three-wheelers saw an even bigger contrast at 8.70% in rural regions versus just 0.28% in urban. Even passenger vehicles posted 7.93% in rural sales, compared to 3.07% in cities.

Understanding the Potential of Rural Market

Large Population: The estimated total population of India in 2025 is around 1.464 billion (1,463,865,525). This figure is based on projections and estimates from various sources like Worldometer, Statista, and others. out of this Indians constituting 19.31 crore households reside in 6,40,932 villages. The size of rural market itself speaks of its potential.

Growth in Market: In 2025, the Indian rural market is projected to experience significant growth, particularly in the Fast-Moving Consumer Goods (FMCG) sector. The rural FMCG market is expected to reach approximately \$100 billion, with one report suggesting a 6.1% volume growth in FY25. This growth is being fueled by factors like population increase, rising disposable incomes, and

increasing consumer demand for premium and e-commerce products.

- **FMCG Market Growth:** The rural FMCG market is projected to reach \$100 billion by 2025.
- **Volume Growth:** A report from The Economic Times suggests a projected 6.1% volume growth in rural markets for FY25.
 - **Factors Driving Growth:** Population: Rural India's large population base continues to be a significant driver.
 - **Income:** Rising disposable incomes and a growing middle class in rural areas contribute to increased consumption.
 - **E-commerce:** The increasing adoption of e-commerce platforms is making it easier for rural consumers to access a wider range of products.
 - **Premium Products:** There's a growing preference for premium products and brands in rural areas, especially among the middle class.
 - **Rural Demand Outpacing Urban Demand:** In early 2024, rural consumption growth outpaced urban consumption for the first time in five quarters, with 7.6% growth in rural areas compared to 5.7% in urban areas.

The FMCG (Fast-Moving Consumer Goods) sector in rural India is experiencing significant growth, driven by increasing rural incomes, improved infrastructure, and a shift in consumer preferences. Rural India contributes a substantial share of FMCG consumption, particularly in categories like personal care, hot beverages, and fabric care. FMCG companies are actively expanding their presence in rural areas through various strategies, including affordable product offerings, increased distribution networks, and digital initiatives.

Key Factors Driving FMCG Growth in Rural India:

Rising Rural Incomes: Increased incomes from farming, rural entrepreneurship, and government programs have fueled higher disposable incomes for rural households.

Improved Infrastructure: Government initiatives like the PM Gram Sadak Yojana have improved connectivity, facilitating easier distribution of FMCG products.

Growing Digital Connectivity: Increasing 3G/4G mobile connectivity in rural areas has boosted digital inclusion and enabled consumers to learn about and access a wider range of FMCG products.

Shift in Consumer Preferences: Rural consumers are increasingly seeking better-quality, branded products, driving demand for premium FMCG offerings.

Government Initiatives: Government programs focused on rural empowerment, agriculture, and infrastructure have positively impacted rural demand for FMCG products.

Strategies Employed by FMCG Companies:

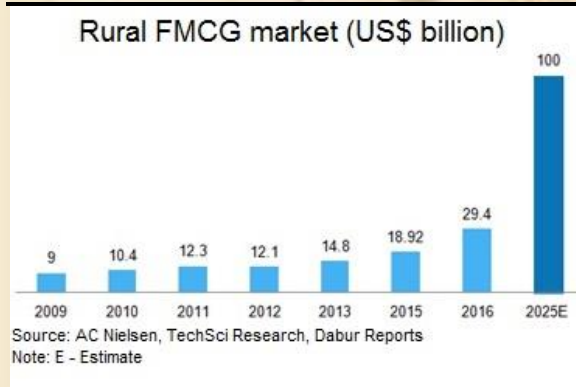
Affordable Product Portfolios: FMCG companies are offering smaller, affordable pack sizes of their products to cater to rural consumers who may have limited purchasing power.

Expanded Distribution Networks: Companies are expanding their reach into rural areas through various channels, including direct sales teams, distributors, and e-commerce platforms.

Digital Marketing and Sales: FMCG companies are utilizing digital marketing and e-commerce to reach rural consumers, particularly in areas with improved mobile connectivity.

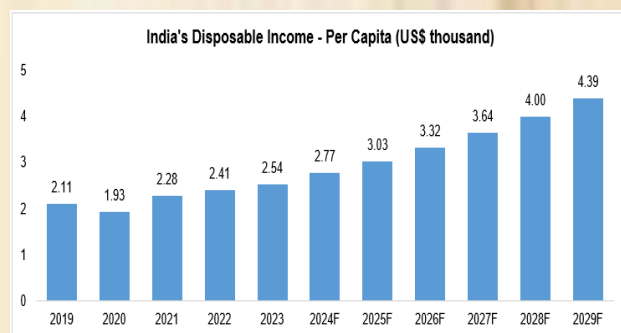
Upskilling and Training: Companies are investing in training and upskilling programs for their rural sales representatives and employees to enhance their skills and knowledge of the market.

Focus on Local Languages and Culture: FMCG companies are adapting their marketing and product offerings to align with local languages and cultural preferences in rural areas.



Consumer Geste Changes: Increased knowledge and lesser mindfulness in pastoral requests produce new demands and differencing buyers. This is observed more in the youngish generation. In townlets moment, this member of buyers consumes a large variety of products, both durables and non-durables. There's a visible increase in the consumption and use of a variety of products, which is fluently observed.

IT Penetration in Rural India: Today's pastoral children and youth will grow up in an terrain where they've' information access' to education openings, test results, career comforting, job openings, government schemes and services, health and legal advice and services, worldwide news and information, land records, mandi prices, rainfall vaticinations, bank loans, livelihood options. However, affordable Web connectivity through colorful types of communication capitals will surely impact the currency of information exchange, If TV could change the language of brand communication in pastoral India. As the electronic morality and IT culture moves into pastoral India, the possibilities of change are getting visible. India's macro-economic condition:



Source: Statista, F - Forecasted

Income level is the primary determinant of the composition of the Indian consumer market. The disposable per capita income of the country has been on an upward trend in the past few years and is set to rise further. As per Statista, India's per capita disposable income was US\$ 2.11 thousand in 2019, and rose to US\$ 2.54 thousand in 2023. It is projected to reach US\$ 4.34 thousand by 2029. This growth in disposable income is driving changes in consumer spending patterns and enhancing overall purchasing power. This has been witnessed in the spending patterns of rural population as more individuals spend on non-food products as opposed to only basic essential items.

Impact of Globalization: The impact of globalization will be felt in pastoral India as much as in civic. But it'll be slow. It'll have its impact on target groups like growers, youth and women. Farmers, moment' keep in touch' with the rearmost information and maximize both ends. Beast feed directors no longer look at Andhra Pradesh or Karnataka. They keep their cell phones constantly connected to global requests. Surely, price movements and products vacuity in the transnational request place feel to drive their original business strategies. On youth its impact is on knowledge and information and while on women it still depends on the socio-profitable aspect. The marketers who understand the pastoral consumer and fine tune their strategy are sure to reap benefits in the coming times. In fact, the leadership in any product or service is linked to leadership in the pastoral India except for many life-grounded products, which depend on civic India substantially.

Media: Mass Media has created increased demand for goods and services in rural areas. Smart marketers are employing the right mix of conventional and non-conventional media to create increased demand for products. The role cable television has been noteworthy in bringing about the change in rural peoples mindset and influencing their lifestyles.

Availability of Markets: The magnet of a request depends not only on its implicit but also on its availability. The road network has eased a systemized product distribution system to townlets. An adding number of companies are

supplying village requests directly, adding direct connections to townlets helps product creation and vacuity of the product in the village shop.

Competition in Urban Markets: In urban markets, competition between automobiles and Fast-Moving Consumer Goods (FMCG) intensifies as companies seek to capture market share and respond to changing consumer behaviour. Both sectors are actively boosting advertising and marketing spending to revive demand and leverage festive seasons. While FMCG companies face challenges from regional brands and D2C companies, urban demand is gradually improving, particularly for premium categories. Intensified competition in urban markets increases costs and reduces market share. The rural markets are therefore increasingly attractive in relation to urban markets.

Better Credit Facilities Through Banks: With co-operative banks taking the lead in the rural areas, every village has access to short, medium, long-term loans from these banks. The credit facilities extended by public sector banks through Kisan Credit Cards help the farmers to buy seeds, fertilizers and every consumer goods on instalments. Rural credit is a financial mechanism designed to provide financial support to individuals, farmers, and businesses in rural areas. This type of credit is essential for fostering agricultural development, promoting rural entrepreneurship, and improving the overall economic well-being of rural communities.

Green Card/ Credit Card For Farmers: The government initiated credit cards for growers through public sector banks. Canara bank and Andhra bank were the settlers in the launch of the Kisan Credit Card. The planter had a choice to take short or medium term loans through these credit cards to buy seeds, diseases, etc. This enabled him to produce further and thereby increase his income.

Improved Exports Due to Export Policy: The new Export Policy 2000 paves the way for open market (OGL- Open General License System) status for agriculture. The World Trade Organizations (WTO) Policy for agro-exports has increased exports of Indian agricultural produce thereby increasing incomes of the rural population. Government data also highlights

significant growth in the export of tea, coffee, and tobacco. In 2024–25, India exported tea worth \$923.8 million, up 11.84% from the previous year. Coffee exports rose sharply by 40.37% to \$1.80 billion, while tobacco exports increased by 36.53% to \$1.97 billion.

Remittances From Indians Working Abroad: These remittances are a sizeable donation to growing pastoral income & purchasing power. In 2024, India entered a record \$129.4 billion in remittances from Indians working abroad, the loftiest quantum ever entered in a single time. This represents 14.3% of the world's total remittances, the loftiest share since the turn of the renaissance, making India the leading philanthropist of remittances encyclopaedically.

Political & Social Changes Through Favourable Government Policies: The Indian government implements numerous policies and schemes to promote rural development and enhance income in rural areas, focusing on areas like employment, infrastructure, and livelihood opportunities. Key initiatives include MGNREGA for guaranteed wage employment, NRLM for promoting self-employment and skill development, and PMGSY for improving rural connectivity.

- **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA):** This scheme provides wage employment for rural households, giving them a guaranteed 100 days of work annually.
- **Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM):** This scheme empowers rural women by organizing them into Self Help Groups (SHGs) and supporting their economic activities, according to the Ministry of Rural Development.
- **Pradhan Mantri Gram Sadak Yojana (PMGSY):** This program focuses on improving rural connectivity by building and upgrading all-weather roads, according to the National Rural Infrastructure Development Agency.
- **Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY):** This scheme aims to provide skill training opportunities to the rural poor and help

them secure better employment prospects, according to Vikaspedia.

- **Rural Prosperity and Resilience Programme:** This multi-sectoral program aims to address under-employment in agriculture through skill development, technology adoption, and investments, according to a PIB press release.

These initiatives are part of a broader gov

Conclusion

Pastoral marketing in India has still a long way to go, pastoral marketers have to understand the fact that pastoral marketing in India has a tremendous eventuality in our country. pastoral marketers should understand this fact and try to tap the huge untapped eventuality in our country. These models will raise a new socio-economic category called the rural rich and hence narrowing gap between the urban and rural per capita incomes. Rural markets are still in their initial stage of exploration by marketers. If effective strategies are formulated by them then this market could give them returns above than their expectation.

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