

# Agricultural Rural Marketing In India

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## **PREAMBLE**

The concept of Rural Marketing in the Indian Economy has always played an influential role in the lives of people. In India, leaving out a few metropolitan cities, all the districts and industrial townships are connected with rural markets. The rural market in India is not a separate entity in itself and it is highly influenced by the sociological and behavioral factors operating in the country. The rural population in India accounts for around 627 million, which is exactly 74.3 percent of the total population.

The rural market in India brings in bigger revenues in the country, as the rural regions comprise of the maximum consumers in this country. The rural market in the Indian economy generates almost more than half of the country's income. Rural marketing in the Indian economy can be classified under two broad categories. These are:

- \* The market for consumer goods that comprises of both durable and non-durable goods;
- \* The market for agricultural inputs that include fertilizers, pesticides, seeds, and so on.
- \* The concept of rural marketing in India has often been found to form ambiguity in the minds of people who think rural marketing is all about agricultural marketing. However, rural marketing determines the carrying out of business activities, bringing in the flow of goods from urban sectors to the rural regions of the country as well as the marketing of various products manufactured by the non-agricultural workers from rural to urban areas. To be precise, Rural Marketing in the Indian Economy covers two broad sections, namely:
  - \* Selling of agricultural items in the urban areas ;
  - \* Selling of manufactured products in the rural regions.

**Some of the important features or characteristics of Rural Marketing in the Indian Economy are being listed below:**

- \* With the initiation of various rural development programmes, there has been an upsurge of employment opportunities for the rural poor. One of the biggest cause behind the steady growth of rural market is that it is not exploited and also, is yet to be explored.
- \* The rural market in India is vast and scattered and offers a plethora of opportunities in comparison to the urban sector. It covers the maximum population and regions and thereby, the maximum number of consumers.
- \* The social status of the rural regions is precarious as the income level and literacy is extremely low along with the range of traditional values and superstitious beliefs that have always been a major impediment in the progression of this sector.
- \* The steps taken by the Government of India to initiate proper irrigation, infrastructural developments, prevention of flood, grants for fertilizers, and various schemes to cut down the poverty line have improved the condition of the rural masses.

## **DEMOGRAPHIC CHARACTERISTICS OF RURAL INDIA**

There are 639,000 villages in India, with a total population of 743 million people, accounting for about 72 percent of India's population. This population, however, is distributed across a large number of villages, where many are sparsely populated. In Table 1, the distribution of population in villages has been given.

The marketing challenges involved in serving a large number of villages with varying densities of population can be discerned from the data presented in Table (1). About 62 percent of the villages have a population below 1,000 and only 3 percent of the villages have a population above 5000. Most villages with less than 500 people do not have any shops. These characteristics point towards the complexities of distribution and logistics management. In order to utilize the opportunities that these villages offer at an aggregate level, companies need to develop innovative solutions to make their products and services available to the rural consumers.

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**Table 1: Distribution of Population In Villages In India**

	No. of Villages	Proportion of Total Villages (%)
Less than 500 People	236,004	37.00
Between 500 and 999	158,124	25.00
Between 1000 and 4999	221,040	35.00
Between 5000 and 9999	15,058	2.00
More than 10,000	3,976	1.00
<b>Total</b>	<b>634,202</b>	<b>100.00</b>

## **CHARACTERISTICS OF THE RURAL ECONOMY**

Income levels in the rural areas have increased over the years. About 67 percent of the rural households had an annual income of less than ₹ 35,000 (income calculated at 1998- 1999 prices) in 1989 -1990 whereas, by 1998 - 1999, this proportion decreased to about 48 percent. Proportion of households with an annual income of above ₹ 70,000 constituted about 9 percent in 1998- 1990 and by 1998 - 1999, this proportion had increased to about 27 percent. Thus, the households belonging to the middle-income and above categories that constitute the bulk of the consuming class has been increasing steadily over the years. The fact is that the urban consumers have to incur a higher cost of living, while the rural population has a higher level of disposable income for the same levels of income. For marketers, this is an encouraging fact.

The consumption patterns of the rural consumer are also undergoing a shift. In 1983, the per-capita consumption expenditure in rural areas was ₹ 112 per month, whereas it was ₹ 166 in the urban areas. In 2001, the per-capita monthly expenditure increased to ₹ 486 in rural areas and to ₹ 855 in urban areas. Moreover, there is a shift in the expenditure pattern of rural consumers. In 1983, about 66 percent of the per capita consumption expenditure was on food and, by 2001, this proportion declined to about 59 percent. These trends indicate that while income as well as expenditure in rural areas has increased, their spending on non-food items has also increased. The increasing demand for many products can be accounted for by this changing pattern. However, the rural income is seasonal in nature and to a great extent, is influenced by non-controllable factors such as draughts and floods, crop failures due to pests, and similar factors. For the working class in rural areas, wages are distributed daily, weekly, or fortnightly and come in small installments. These too, sometimes, are unpredictable. Demand for many products in rural areas, thus, is seasonal in nature.

## **CONSUMER BEHAVIOR IN RURAL AREAS**

A complex set of factors influence rural consumers' behavior. Social norms, traditions, caste, and social customs have great influence on the consumer behavior in rural areas than in urban areas. The seasonality of agricultural production influences the seasonality of rural consumers' demand. Given the fact that the landless laborers and daily-wage earners get their income in installments, their purchasing is restricted to small quantities of products at a time, mostly on a daily basis or once in two or three days.

Purchase-decision processes and preferences also show certain characteristics that have implications for marketers. Exhibitions and road shows act as some of the key triggers for information - search behavior. Opinion leaders and people who are perceived to be knowledgeable play an important role as information providers and advisors. Word of mouth has more significance in purchase decisions of rural consumers. As the perceived risk of buying tends to be higher, rural consumers exhibit a greater involvement in the purchase process, leading to a more detailed information-search behavior. Family members, relatives, and friends are consulted before making purchase decisions of higher-value products. Since the reach of the electronic media and other mass advertising is low in rural areas, dependence on information, advice, and suggestions from other people are higher. However, as the exposure to mass media and information technology is increasing, rural consumers are becoming more informed about products and services, and their dependence on traditional reference groups is gradually waning. As a result of increasing role of self-help groups and other government institutions involved in developmental activities, professionals working for such agencies act as reference sources. They tend to exhibit greater trust in products and services endorsed by the government and its

agencies. Rural consumers also tend to be more loyal as brand switching has greater perceived risk. Compared to their urban counterparts, rural consumers have different interpretations of colors, symbols, and social activities. Rural consumers show a preference for bold, primary colors - red color connoted happiness and auspiciousness and green color prosperity. Ownership of a large house (*pucca house*), telephone and other higher-value consumer durables, and education of children in cities are considered as status symbols.

## **RURAL MARKETING IN THE INDIAN ECONOMY**

Rural marketing facilitates flow of goods and services from rural producers to urban consumers at a possible time with reasonable prices, and agricultural inputs/ consumer goods from urban to rural. Marketing as a function had started much earlier when civilizations started, but was not recognized as marketing. All economy goods are marketed in terms of goods and services (Barter system). Now, money is being practiced as a good exchanging medium. The market may be a street, or a small town/ metropolitan city. Developments in infrastructure, transport, and communication facilities has increased the scope of the rural market.

✳ **Environment** : The most dominant difference between rural and urban markets on the basis of various socio - economic factors, is the source of income, the frequency of receipt of income, the seasonal nature of income and consumption. Rural markets are small, non- contiguous settlement units of villages with relatively low infrastructure facilities, low density of population, and the lifestyle of the rural people is also different. Rural consumers are mostly farmers whose income receipts are dependent on the vagaries of nature.

✳ **Agri-Marketing** : Rural population has increased to now comprise of around 74% of the total population; the demand for products and services has increased a lot in the rural areas. Green Revolution in the North and White Revolution in the West has brought about a new prosperity in the lives of the rural people. Government emphasis on rural development has caused significant changes in the rural scenario. Moreover, the special attention given for infrastructure development through the successive Five-year plans has improved the buying and consumption pattern of rural people.

✳ **The Rural Agro Products**: The rural agro- products are:

✳ **Fruits & Vegetables** : Grains, Flowers.

✳ **Rural sale products** : **a)** Milk & poultry products , **b)** Handicrafts and Handloom products , **c)** Tribal village products like tamarind, Lac, soapnut etc.

✳ **The peculiar characteristics of agricultural produce are:**

- ✳ Bulkiness;
- ✳ Perishability;
- ✳ Wide varietal differences;
- ✳ Dispersed production;
- ✳ Processing needs for consumption;
- ✳ Seasonality.

More than 40 % of the gross cropped area under non- food grains is under oilseeds. Principally, groundnut, rapeseed, mustard, cotton and sugar cane area the other major non- food grain crops.

India is the largest producers of mangoes and bananas in the world, and is among the top ten producers of apples and pineapples. It also produces other fruits like guava, sapota, papaya etc in abundance. Area under fruits which was estimated to 1.45 millions hectares in 1970-71 grew slowly and geared up after 1991-92 to 2.8 million hectares.

Rural marketing depends on agricultural produce, the production is seasonal and the consumption is spread out. Equalization of demand and supply has to be done. In addition, the raw agricultural produce as marketed by farmers has to be processed by many middlemen. This includes collection and assembling, financing, grading and standardization, storage, transportation, wholesaling and retailing - these functions are performed by village merchants, commission agents, wholesalers, processors etc. These people seek returns commensurating with their investments of capital, time and labour. As a result, the middlemen get more share of the price than the producers.

Figure 1 : Gross Cropped Area In 1997

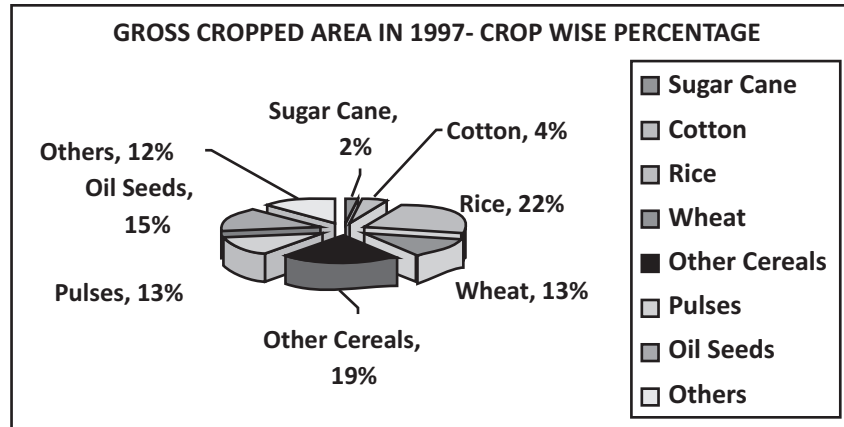


Figure 2 : Share of Production Of Vegetables

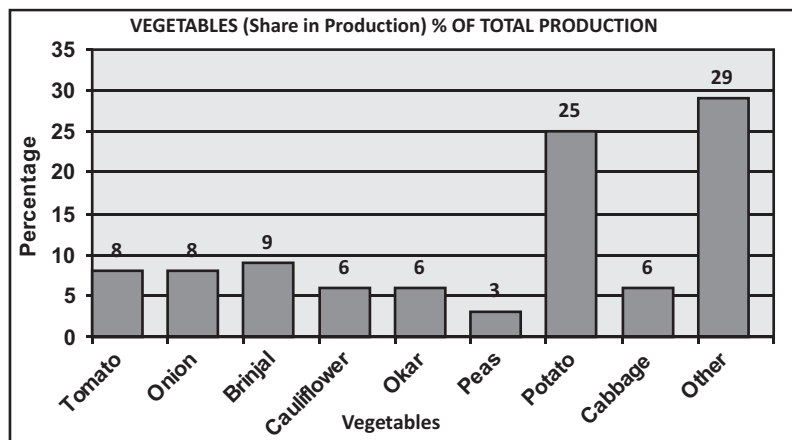
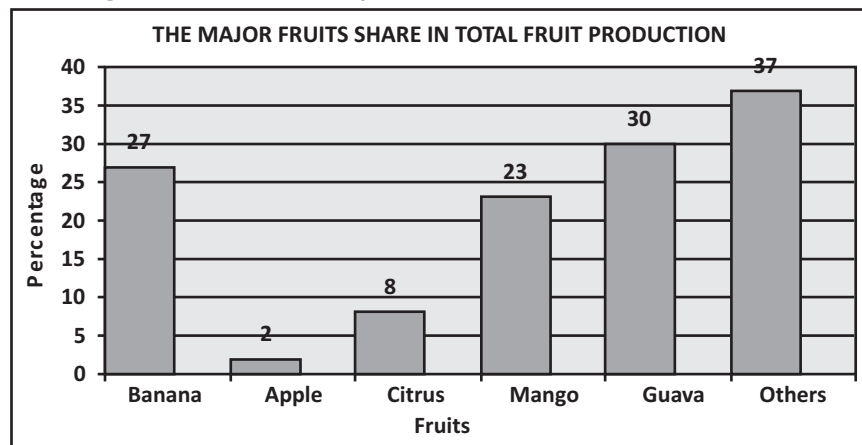


Figure 3 : Share of Major Fruits In Total Fruit Production



## TYPES OF RURAL MARKETS

\* *Haats /Sandies* (Mostly, A Weekly Market For All Commodities).

\* *Mandis* (Mostly For All Types Of Grains).

✳ **Commodity Specialized Markets** : Nashik for Onions and Grapes market, Nagpur for Orange market, Delhi for Apples market, Salem {TN} for Mangoes, Farkka market for potato market and Calcutta / Assam for tea market.

✳ **Regulated Markets** : There are more than 5000 Primary and Secondary Agricultural produce wholesale assembling markets functioning in the country. These markets are meant for the farmers to take their produce for sale. These markets facilitate immediate cash payments for farmers. The directorate of State Agricultural Marketing Board or Registrar of Cooperative Marketing Societies is controlling these markets. The market is run by an elected committee comprising of members from the farmers' community, commission agents/wholesalers and some government nominees from Directorate of state agriculture / cooperative societies.

✳ **Cooperative Marketing** : Another major improvement for rural producers is the formation of cooperative societies. Farmer's common interest helped to increase the incomes of the farmers and avoid exploitation of the middlemen. There are about five lakh cooperatives working, but very few cooperative societies in selected areas like Dairy, sugar, oilseeds, Mahagrapes in Maharashtra, tomato growers in Punjab etc. succeeded in cooperative processing industry.

## PROBLEMS IN RURAL MARKETING

The rural market offers a vast untapped potential. It is not that easy to operate in the rural market because of several problems and also, working in the rural markets is a time consuming affair and it requires considerable investments in terms of evolving appropriate strategies with a view to tackle the problems.

### The problems are:

- ✳ Underdeveloped people and underdeveloped markets;
- ✳ Lack of proper physical communication facilities;
- ✳ Inadequate Media coverage for rural communication;
- ✳ Multiple languages and Dialects;
- ✳ Market organization & staff.

✳ **Underdeveloped People And Underdeveloped Markets** : The agricultural technology has tried to develop the people and market in rural areas. Unfortunately, the impact of the technology is not felt uniformly throughout the country. In some districts in Punjab, Haryana or Western Uttar Pradesh, where the rural consumer is somewhat comparable to his urban counterpart, there are large areas and groups of people who have remained behind the technological breakthroughs. In addition, the farmers with small agricultural land holdings have also been unable to take advantage of the new technology.

✳ **Lack Of Proper Physical Communication Facilities** : Nearly 50 percent of the villages in the country do not have all weather roads. Physical communication to these villages is highly expensive. Even today, most villages in eastern part of the country are inaccessible during the monsoon season.

✳ **Inadequate Media Coverage For Rural Communication** : A large number of rural families own radios and television sets; there are also community radio and T.V sets. These have been used to diffuse agricultural technology to rural areas. However, the coverage relating to marketing is inadequate using this aid of Marketing.

✳ **Multiple Languages And Dialects** : The number of languages and dialects vary from state to state and region to region. This type of distribution of population warrants appropriate strategies to decide the extent of coverage of rural market.

✳ **Other Factors Influencing Marketing** : Natural calamities and Market conditions (demand, supply and price). Pests and diseases, Drought or too much rains, Primitive methods of cultivation, lack of proper storage facilities which exposes grains to rain and rats, Grading, Transport, Market Intelligence (up to date market prices to villagers), Long chain of middlemen (Large no. of intermediaries between cultivator and consumer, wholesalers and retailers, Fundamental practices (Market Dealers and Commission Agents get good part of sale of receipts).

✳ **Major Losers In Agricultural Marketing** : Small and marginal farmers, 75% villagers are illiterates or semiliterate, they facing difficulties like proper paper procedures for getting loans and insurance. The farmers facing high interest rates for their credits (Local money lending system). Most of the credit is needed for agricultural inputs like seeds, pesticides, and fertilizers.



✳ **The Major Weakness And Challenges In This Sector :**

- ✳ The traditional mindset does not to react new ideas.
- ✳ The Agricultural income is mostly invested in gold ornaments and weddings.
- ✳ Low rural literature.
- ✳ Not persuading new thinking and improved products.

## EMERGING TRENDS IN MARKETS

✳ **On Line Rural Market (Internet, Nicnet):** Rural people can use the two-way communication through online services for crop information, purchases of Agri-inputs, consumer durables and sale of rural produce online at reasonable prices. Farm information for online marketing is easily accessible in rural areas because of spread of telecommunication facilities all over India. Agricultural information can get through the Internet if each village has a small information office.

✳ **Cost Benefit Analysis In This Sector :** Cost benefit can be achieved through the development of information technology at the doorsteps of villagers. Most of the rural farmers need price information of agri-produce and inputs. If the information is available, farmers can take quick decision where to sell their produce.

✳ **Need Based Production :** Supply plays a major role in price of the rural produce. Most of the farmers grow crops in particular seasons only and not throughout the year. This causes oversupply in the market and leads to drastic price cuts in the agricultural produce. If the rural people access the IT resources, farmers' awareness can be created about crops and forecasting of future demand, and market taste. Farmers can equate their produce to demand and supply, and farmers' driven market supply can be created rather than supply driven market. If the need based production system is developed, not only prices, but also storage cost can be saved. It is possible now- a- days to develop the concept of a global village.

✳ **Marketing Infrastructure in Rural Areas :** Although rural areas offer attractive opportunities to marketers at an aggregate level, about 68 percent of these markets remain untapped mainly due to inaccessibility. It is uneconomical to access a large number of small villages with a very low population density spread over a large geographic area. Factors such as limited physical access, low density of shops , limited storage facilities, need for a large number of intermediaries in the distribution channel to reach the end customers, and low capacity of intermediaries to invest in business (investments for keeping stock, storage facilities, vehicles for distribution) make the tasks of reaching rural consumers very complex. It is in this context that we need to understand the importance of alternative means of reaching rural consumers through periodic village markets (or *haats*), agricultural markets (*mandis*), and rural fairs (*melas*).

✳ *Haats* are a, “public gathering of buyers and sellers of commodities, meeting at an appointed or customary location at regular intervals”. Most of these periodic markets are held once a week. *Haats* function as physical markets for selling agricultural surplus as well as retail points for buying daily-use items and supplies for farming activities. The number of *haats* in rural areas in India is about 42,000.

✳ One haat covers 20 to 50 villages, has about 300 outlets, and is visited by more than 4,500 people.

✳ *Mandis* or agricultural markets are set up by the state governments for facilitating exchange of agricultural produce (providing information on prices and arrivals of produce, meeting of buyers and sellers) and for procurement of good grains by the government agencies. There are about 6, 800 *mandis* in India, each catering to about 0.14 million people. Companies use *mandis* to promote their brands by setting up “*stalls*” for carrying out sales promotion activities and for gathering market-research information.

✳ *Melas* or fairs are an integral part of the rural life. There are different types of fairs; commodity fairs, cattle fairs, and fairs in connection with religious festivals. Although there are more than 25,000 fairs, about 90 percent of them are held in connection with religious festivals and hence, have limited marketing value. But the remaining fairs can be used by companies to promote their products and brands.

✳ Yet another feature of rural areas is the complexity of the communication task. The numbers and variations in the languages spoken in the rural areas are large. In addition to the 16 scheduled languages, there are about 114 local vernacular variations. Moreover, literacy levels, variations in media reach, and availability of media vehicles across different geographic areas complicate the tasks. Doordarshan, the government run television channel, has the highest

reach in rural areas. Doordarshan covers nearly 87 percent of India's population aided by about 1,040 terrestrial transmitters. Community television sets introduced by various governments cater to people who do not own television receivers. The print media, on the other hand, has a very limited reach in rural India with only about 15 percent of the regional language newspapers reaching rural areas. Conventional communication solutions for addressing rural audience have limitations.

## WHEAT MARKETING SYSTEM IN INDIA

With wheat production reaching 70 to 75 million tonnes per year, or about 12 percent of the world production in recent years and a large demand, India's wheat economy is now the second largest in the world. The marketed surplus from production has been rising, and it is estimated that now 60-70 percent of the production comes to the market. With the public food grain stock levels (largely wheat and rice) reaching an unprecedented 62 million tons in 2002 against a norms of 18 million, the marketing system and its efficiency are of serious concern and interest for India. Poor efficiency in marketing has serious consequences for the producers, consumers as well as for the government budgets and the economy. This section describes the marketing of wheat in India from the farmer to the end consumer, and examines the marketing system, its nature, characteristics and interfaces, using primary and secondary data. Primary data was collected using structured, pre-tested questionnaires, and interview schedules from a sample of farmers (in Gujarat, Punjab, Madhya Pradesh and Uttar Pradesh), commission agents, primary market wholesalers, urban market wholesalers, large roller flour mills (processors), small flour mills (*atta chakki*), fair price shops, private retailers, and end consumers.

✳ **Food-grain Production in India** : Food grain production occupies a dominant position in India's agriculture, covering over 65 percent of the gross cropped area. Since the advent of the Green Revolution in the mid 1960s, India has shown an impressive growth in food grain production. Rice has the largest share in food-grain production in India, accounting for 43 percent, followed by wheat at 35 percent. Wheat has made a large contribution to the growth in food-grain production in India. Its production has grown at a much faster pace compared to other food grains. While the total food grain production in India grew at an annual rate of 2.68 percent during the period 1950-1951- to 2000-2001, wheat production increased at a rate of 5.36 percent.

✳ One of the characteristics of the wheat marketing system in India is the spatial differences in production and consumption. The major wheat growing states in India are Uttar Pradesh, Punjab, Haryana, Rajasthan, and Madhya Pradesh. Wheat is also grown in Gujarat and Bihar. Uttar Pradesh contributes the largest share - with 36 Percent of production, followed by the Punjab with 19 percent, and Haryana with 11 percent. These three northern states together contribute two-thirds of the production of wheat. On the other hand, the consumption of wheat is spread across almost all states. The large spatial divide between supply and demand indicates the importance of having an efficient marketing system to bridge the gap.

✳ **Case Study Of The Wheat Marketing System In India** : There are several specific characteristics of India's wheat marketing system that are different from those that one can observe in the developed countries. The production system for wheat (and the production system for many other food grains) is highly fragmented, there are a large number of small and marginal producers with small quantities of farm output. The marketing system, therefore, needs to aggregate such small quantities of output. Secondly, the use of wheat products like wheat flour (*atta*), *maida*, and *sooji* to make different types of food articles at home such as *chapattis*, *poori*, *kulcha*, and *naan* needs to be kept in mind and given due importance. The factory made ready to eat products like bread and biscuits do not constitute the main food consumed in Indian homes. The bulk of the consumer demand is constituted by a large number of individual household buyers, some of whom, due to income levels, buy small quantities more frequently. The marketing system, therefore, needs to cater to this fragmented demand pattern. In order to aggregate this fragmented production system and align it with the consumer demand and purchase behavior, there are multiple layers in the distribution channel consisting of a network of commission agents, primary wholesalers, urban wholesalers, large and small flour mills, and retailers. In addition, the government and its agencies play a significant role in ensuring - food availability, stabilizing prices, protecting the producers from the uneconomical price realization created by demand and supply asymmetries, and ensuring food security in the country.

✳ The marketing of wheat (and rice) in India takes place through a combination of public and private systems. The

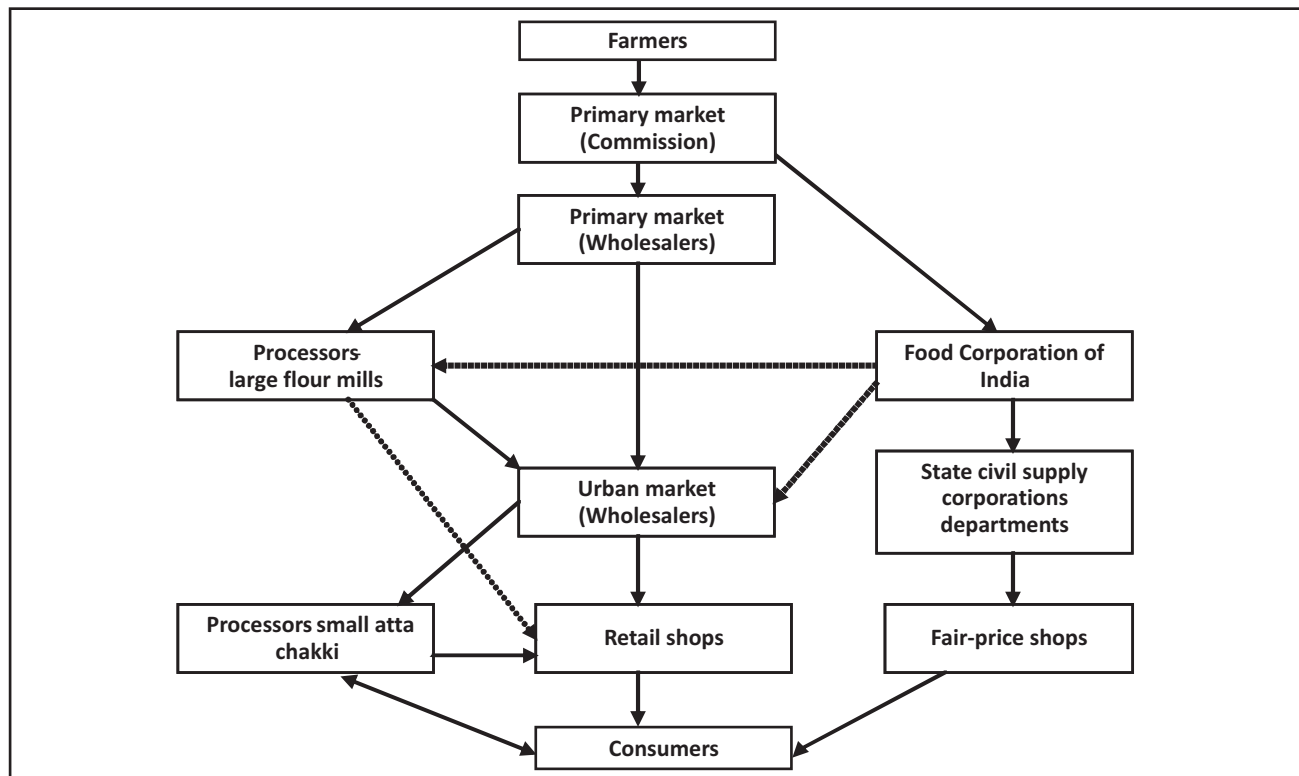
government has taken substantial measures to assist the marketing of food grains through direct market operations/interventions, as well as through the development of infrastructure, and by providing a legal framework for the private marketing system. The private system includes regulated and unregulated wholesale markets and sub-markets in rural (primary) and urban areas (totaling to over 7,000), retail shops and periodic markets (*haats*) in rural areas. In the early 2000s, three national multi-commodity exchanges had been added to this system, introducing electronic trading and futures markets.

✳ **How Does Wheat Reach The End Consumers?** : In Figure 4, the researcher provides the outline of the wheat marketing system as it exists in India.

✳ The farmer, after keeping a portion of the farm output for personal consumption and for seeds, sells the balance in the market place. The study indicates that only a small portion of wheat gets sold at the farm gate. Another portion of the produce is procured by the government through the FCI and the balance is available in the “*open market*” . The quantity procured by the government is distributed through the fair-price shop network (more than 400,000) to consumers who have, “*ration cards*” . The balance quantity after government's allocation to each state is stored by the FCI and other government agencies as buffer stock. In the private trade system, the first-level transactions take place in the primary markets, either in the agricultural-produce markets (regulated markets or the unregulated markets) or in the periodic rural markets. Commission agents and wholesalers play a significant role in these transactions. Wheat, thus, bought by the wholesalers or commission agents (acting as agents of the urban wholesalers as well), reaches the urban areas and gets sold to retailers as whole wheat or to the processors for making products such as *atta*, *maida*, and *sooji*. These are sold to end consumers from the retail shops. In some of the predominantly wheat consuming markets, consumers buy whole wheat from the retailers (or retailer-cum wholesalers in urban markets) and get them processed periodically through the local flour mills for their home consumption.

✳ **Market Driven Extension** : Agricultural extension is continuously going through a renewal process where the focus includes a whole range of dimensions varying from institutional arrangements, privatization, decentralization, partnership, efficiency and participation. The most important change that influences the extension system are market forces. There is a need for the present extension system to think of the market driven approach, which would cater to

**Figure 4 : An Outline Of The Marketing System For Wheat In India**





the demands of farmers.

✳ **Agro- Processing Industry** : India is the second largest producer of fruits and vegetables in the world, with an annual production of more than 110 million tonnes of fruits and vegetables . Only 1.3 percent of the output is processed by the organized sector commercially, the reason being higher consumption in fresh form. However, as the packaging, transportation and processing capacities increase, the market for processed fruits and vegetables is projected to grow at the rate of about 20 % per annum. 100 % export oriented units (EOU) and Joint venture units are required for improving the processing industry.

✳ **Kisan Mandi** : There is a need to promote direct agricultural marketing model through retail outlets of farmer's co-operatives in urban areas. The direct link between producers and consumers would work in two ways: one, by enabling farmers to take advantage of the high price and secondly, by putting downward pressure on the retail prices.

## RECENT DEVELOPMENTS IN TAMIL NADU

✳ Many remote villages are now connected to main roads and link roads with the help of innovative technique of grass root development by the people for the people of the people. "*Uzhavar sandhai*" - another development of rural farmers for reducing middle men and also for the benefit of the urban society.

✳ The recent changes in agricultural produce sale by farmers in Uzhavar sandhai leads to direct selling of vegetables and other commodities according to urban needs. The Government of Tamil Nadu started *Uzhavar sandhai* all over the state for the purpose of direct selling of the produce according to urban needs.

✳ **Procurement Prices / Support Prices** : These prices are more than minimum prices, which facilitate government bulky procurement for Public Distribution Systems and maintain buffer stock levels.

✳ The farmer has little control over prices, which are determined by the broad factors of supply and demand markets at large.

## RECOMMENDED DEVELOPMENT OF AGRICULTURAL MARKETING IN INDIA

1. Suitable structure of support prices for various farm commodities adjusted from time to time.
2. Adequate arrangement of agricultural produce on support price, if the price falls below the level.
3. Regulated infrastructure of markets and warehouses, which ensure fair prices.
4. Rural roads must compliment and coordinate with railways, nearest waterways (port), and airports.
5. The efficient marketing is predominantly influenced by an efficient distribution system - it means products should reach the ultimate consumer in the quickest time possible at minimum cost.
6. The development of communication systems appropriate to the rural market may cost up to six times as much as reaching an urban market through established media, and need rural communication facilities.
7. The state marketing board or federation or market committees and also the producers, traders and sellers have to be necessarily consulted as they have the principle interest towards its use.
8. The arrivals of various products such as Food grains, Vegetables, Dairy products, Flowers etc. need speedy transport.
9. Public weighing machines - one in each rural market to ensure correct weightment both for farm and non-farm arrivals are required. Storage godowns and an office is also required.
10. For storage facilities, the government should not depend on private agencies to store food grains (National commission on Agriculture recommended).
11. Rural markets need more number of godowns and ancillary platforms for packaging places, market office cum information cell, bank and post office.
12. Rural marketing is the nerve center of a rural economy, rural markets are the channels for the movements of goods and services and are important for the promotion of cultural integration.
13. Agricultural technology must reach all over the country, irrespective of size of land holdings.
14. Physical communication facilities have to be improved.
15. Land reforms need to be effectively implemented, because the land is the basic asset of the rural people.

16. Rural communication must be in regional language and dialects.
17. The existing marketing staff must be increased and adequate training must be given.
18. Extending of financial support for modernization of the agro-processing units is also needed.
19. Processing units should utilized to their full capacity.
20. There is need to find out markets for agro-processed products within and outside the country.
21. Packaging technology must be improved.

## CONCLUSION

In order to utilize the immense potential of rural markets in India, companies need to develop specific marketing strategies and action plans, taking into account the complex set of factors that influence consumers' behavior. Rural marketing cannot succeed if the marketing strategy and action plans are only an extrapolation or minor modifications of the urban marketing strategy and plans. Innovative companies who adopted an integrated approach have succeeded in utilizing market opportunities that rural areas offer. *Tata Kisan Sansar*, for example, through a network of over 420

**Table 2 : Rural Demand- Consumer Durables  
(% of All India)**

	1995-96	2001-02	2009-10
<b>Consumer Durables</b>			
Scooters	33.1	39.4	39.1
Motorcycles	47.3	39.8	48.3
Mopeds	52.7	58.2	57.7
Cars/Jeeps	2.1	8.0	10.9
Automotives	37.9	36.0	37.9
Television	54.0	54.5	44.2
White goods	23.8	23.0	23.7
Fans	50.8	56.9	56.7
Low cost items	58.1	60.1	61.3

Source: The Great Indian Market, Results from the NCAER'S Market Information Survey of Households, August 9,200

**Table 4 : Urban-Rural Usage Pattern in Middle Income Group (Per '000 Households)**

<b>Consumer Durables</b>				
	Urban		Rural	
	2001-02	2009-10	2001-02	2009-10
Motorcycles	134.4	320.7	109.0	250.9
Television	942.8	1258.9	616.3	561.3
Car	31.4	52.2	1.6	3.5
<b>Consumer Expendables</b>				
	Urban		Rural	
	2001-02	2009-10	2001-02	2009-10
Edible oil	1000.0	1000.0	1000.0	1000.0
Shampoos	827.8	1000.0	354.5	458.4
Washing Powder	904.7	1000.0	775.4	946.9

Source: The Great Indian Market, Results from the NCAER'S Market Information Survey of Households, August 9, 2005

**Table 3 : Rural Demand-Consumer Durables  
(% of All India)**

	1995-96	2001-02	2009-10
<b>Consumer Expendables</b>			
Edible oil	64.3	67.1	62.9
Health beverages	28.6	27.3	28.1
Packaged biscuits	36.0	42.8	30.3
Shampoos	27.2	31.9	33.0
Toilet soaps	49.8	52.5	54.7
Washing Cakes	68.7	71.4	75.6
Washing Powder	50.4	50.8	54.9

Source: The Great Indian Market, Results from the NCAER'S Market Information Survey of Households, August 9,2005

**Table 5 : Rural-Urban Consumption Expenditure**

Area of Allocation	Urban (% of Monthly Household)	Rural (% of Monthly Household)
Fuel & Lighting	9%	10%
Clothing (Including bedding & Footwear)	6%	7%
Medical Care	6%	7%
Sugar,Salt & Spices	3%	5%
Cereals	9%	17%

Source: The Times of India, New Delhi, February 1, 2008

franchisee-run centers in three states, offers a range of products and services such as agricultural inputs, financing services, and advisory services to over 3.6 million farmers. Mahindra, India's largest farm-equipment company, through its sub-sidiary *Mahindra Shublabh Services*, provides a range of products and services to improve farm productivity and establish linkages with the commodity market chain. This activity is supported by the parent company's equity with its large tractor customer base and a network of over 400 dealers; Many companies are planning forays into the rural markets with innovative approaches. ITC, for example, encouraged by the success of their e-Choupal initiative, has set up a large number of rural shopping malls called *Choupal Sagars* that act as hubs for locally produced and branded products, entertainment options, education, healthcare and advisory services for farmers. In order to succeed in rural markets in India, companies need to develop appropriate marketing interventions that empower the consumers and improve their financial situations and in the process, share their enhanced income levels by exchanging goods and services. The *Project Shakti* initiated by HLL is an example in this regard.

*Project Shakti* sought to empower poor rural women and utilize their potential to reach out to markets in the hinterland. Piloted in 2001 in a district in Andhra Pradesh, the objective of the project was to create income generating capabilities for underprivileged rural women by providing them an opportunity to embark on a macro-enterprise. Under this project, women from self-help groups formed by the district rural development authority are selected as “*Shakti Entrepreneurs*”. They receive stocks of four to five main brands of the company at their door steps from the company's rural distributors, which they sell directly to customers and to the retailers in the village. Each entrepreneur services some six to ten villages with a population of 1,000 to 2,000 people. The investment that is required is around ₹10,000 and this is taken as a loan from the self-help group or other micro-banking institutions. On an average, about 8 percent return is generated from this activity. For poor women in rural areas, a profit of ₹ 750 to ₹ 2,000 a month is a significant augmentation to the family income. This distribution model also solves the problems of reaching a large number of villages in the country where the normal distribution channels are less equipped to reach. The company provides training and guidance to the entrepreneurs during the initial months. The brands sold are nationally available brands, but the package sizes are kept smaller to cater to the purchasing power of the rural customers.

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