

Go Rural!! Hinterland - Challenges, Insights, Opportunities and Strategies

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“Rural Marketing Is Marketing To A Rural 'Mindset'; Not A Rural Market.”

INTRODUCTION

India Inc. is witnessing an emerging paradigm shift in rural marketing. India has traditionally been an agrarian economy. Agriculture contributed to more than 50% of the GDP in 60s. The result- even though global economy was witnessing down turn in demand, India's rural economy remained virtually unscathed, in part due to the country's almost autonomous agriculture sector. Agriculture sector is at the very core of the rural economic prosperity along with other sectors like FMCG, consumer durables etc. Since ages, various rural development programs have been run by corporates. Rural sector was the only one which withstood the global economic down turn and continues to grow. For many companies, rural market contributed almost 50% of their total sales revenue. Companies have well realized that if growth is the only option, rural market is the only way to grow ahead. And the organizations who that take initial steps and leaps in the approach will benefit from the first mover advantage, gain brand loyalty and better business growth. However, the rural market has always been affected by agricultural performance based on marginal land holdings, dependence on unpredictable monsoons and still existing primitive and traditional ways of farming due to marginal land holdings. 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 Indian economy generates almost more than half of the country's income.

UNDERSTANDING THE RURAL MARKET AND RURAL MARKETING

The Rural market in Indian economy can be classified under two broad categories. These are:

- ✿ The market for consumer goods that comprise of both durable and non-durable goods.
- ✿ The market for agricultural inputs that include fertilizers, pesticides, seeds, etc.

Rural marketing is assumed to be synonymous with agricultural market by many. But the latter just continues to be a part of the former. Rural marketing encompasses 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. Hence, Rural Marketing in the Indian economy covers two broad sections, namely:

- ✿ Trading of agricultural items in the urban areas.
- ✿ Trading of manufactured products in the rural regions.

According to a McKinsey survey conducted in 2007, the rural Indian market would grow almost four times from its existing size in 2007, which was estimated at US\$ 577 billion.

STATISTICS

Rural population constitutes about 73% of total country population. As per 2001 census, it was Rs 74 crore. There are almost 12 crore households which accounts for 70% of the total households. The rural population is nearly three times the urban population. The Rural market is a scattered market. Urban population resides in 3,200 cities whereas rural population lives in 5, 70,000 villages. As per NCAER study of 2002, the average annual household income of a rural household was Rs. 56,630 (Approx. Rs.4500 per month).

- ✿ The rural market stands at an estimated market size of 1, 23,000 crores.
- ✿ FMCG - Rs 65,000 Crore

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- ✿ Durables- Rs 5,000 Crore
- ✿ Agri-Inputs (including tractors) Rs 45,000 Crore.
- ✿ 2/4 Wheelers -Rs 8,000 Crore.

The importance of the rural market for some FMCG and durable marketers is underlined by the fact that the rural market accounts for close to 70 per cent of toilet-soap users and 38 per cent of all two-wheelers purchased. The rural market accounts for half of the total market for TV sets, fans, pressure cookers, bicycles, washing soap, blades, tea, salt and toothpowder. What is more, the rural market for FMCG products is growing much faster than their urban counterparts. The Indian rural market with its vast size and demand base offers a huge opportunity that MNCs cannot afford to ignore. As a result of the growing affluence, fueled by good monsoons and the increase in agricultural output to 200 million tonnes from 176 million tonnes in 1991, rural India has a large consuming class with 41 per cent of India's middle-class and 58 per cent of the total disposable income.

NEED OF THE TOPIC FOR STUDY

- ✿ In 2001-02, LIC sold 55% of its policies in rural India.
- ✿ Of two million BSNL mobile connections, 50% are in small towns / villages.
- ✿ Of the 6.0 lakh villages, 5.22 lakh have a Village Public Telephone (VPT).
- ✿ 41 million Kisan Credit Cards have been issued (against 22 million credit-plus-debit cards in urban), with cumulative credit of Rs. 977 billion resulting in tremendous liquidity.
- ✿ Of the 20 million Rediff mail sign-ups, 60% are from small towns. 50% of transactions from these towns are on Rediff online shopping site.
- ✿ 42 million rural households (HHs) are availing banking services in comparison to 27 million urban HHs.
- ✿ Investment in formal savings instruments is 6.6 million HHs in rural and 6.7 million HHs in urban areas.

73% of India's population, 56% of the income, 64% of the expenditure and 33% of the savings come from rural India. These figures reinforce the need to manage the rural market. There is a clarion call to explore and not to exploit the rural market. This is the time which calls for us to study, rather than just assume what the rural consumers desire, detest, appreciate and expect. Given the importance and contribution of rural economy to total country's economy and GDP, it makes imperative for marketers to have a 360° view of this market. Hence, there is a need to study the strengths, weakness, opportunities and threats of rural marketing. This article may be of a good reference to marketers to help in strategizing their marketing program and get the best possible results from their truest efforts.

THE RURAL MARKETING ENVIRONMENT/ DEVELOPMENT IN RURAL MARKET

Various government initiatives backed by corporate CSR activities have helped in overall development of the rural population. The rural market is being continuously upgraded on many of following dimension and facets.

PHYSICAL CONNECTIVITY

- ✿ Roads
- ✿ Rails
- ✿ Public infrastructure

ECONOMIC CONNECTIVITY

- ✿ Markets/Retail
- ✿ Warehouses
- ✿ Agro Industries
- ✿ Micro Power Plants
- ✿ Coop Prod Mktg
- ✿ Micro Finance

ELECTRONIC CONNECTIVITY

- ✿ Telecom
- ✿ Internet
- ✿ E-Learning
- ✿ E-Governance
- ✿ E-Healthcare

KNOWLEDGE CONNECTIVITY

- ✿ Schools
- ✿ Libraries
- ✿ Proactive Healthcare
- ✿ Manufacturing Knowledge

Changes occurred over the years at both the ends- the consumer and the market. The Corporates witnessed a growth in rural products; their distribution system got more aligned with innovations in packaging and pricing. In marketing efforts, there has been a paradigm shift from 4P to 4A approach via, Affordability, Acceptability, Awareness and Availability.

"FMCG companies innovated on package sizes to introduce low price points. They have customized promotional strategies for rural markets using local language and talent. Some FMCG players continue to expand rural penetration [HUL's Project Shakti, Tata Tea's Gaon Chalo]. Coca-Cola's Parivartan program has trained more than 6,000 retailers to display and stock products. Dabur has created a training module ASTRA [advanced sales training for retail ascendance] in several regional languages. A number of auto companies have launched rural-specific Rural Development. Today, the rural market contributes a significant market share as follows :

50 % of total FMCG, 40 % of two-wheelers, 25 % of LIC policies, 50% of mobile phones and white goods. Some crude estimates point out that rural markets are growing at the rate in excess of Rs. 500 crore per annum & the present estimated Rural Market is in excess of Rs.100, 000 Crore. Corporates that have understood the psyche of rural consumers and markets and how to work it, have notched up successes.

TYPES OF RURAL MARKETS

Various companies and organizations dissect rural markets as per the nature and the sector of the business they are in. Broadly, for convenience of administration, rural market could be classified as -

- ✿ Weekly bazaars/ Haats
- ✿ Occasional markets like melas (pushkar mela etc.)
- ✿ Rural Conventional Markets
- ✿ Mandies/ A.P.M.C for Agro products
- ✿ Specific Regional Markets
- ✿ Co-Op. marketing
- ✿ Door to door market(ferry)

Other variables like demographics, ethnicity, religion, age can form a platform for segmenting the rural market.

OPPORTUNITIES OFFERED BY THE RURAL MARKETS

It seems that the rural market has thrown a red carpet welcome to corporates. As seen above, the rural economy is witnessing aggressive infrastructure improvement activities. In 50 years only, 40% villages have been connected by road, in the next 10 years another 30% would be connected. More than 90% villages are electrified, though only 44% rural homes have electric connections. Rural telephone density has gone up by 300% in the last 10 years; every 1000+ pop is connected by STD.

Social indicators have improved a lot between 1981 and 2001 -Number of "pucca" houses doubled from 22% to 41% and "kuccha" houses halved (41% to 23%). Percentage of BPL families declined from 46% to 27%. Rural literacy level improved from 36% to 59%. Moreover, a low penetration rate in rural areas offers multiple opportunities to marketers. The following tables exhibit the penetration level of a few durable and FMCG products.-

Table 1

Durables	Urban	Rural Total	(% of Rural HH)
CTV	30.4	4.8	12.1
Refrigerator	33.5	3.5	12.0

Table 2

FMCGs	Urban	Rural	Total (% of Rural HH)
Shampoo	66.3	35.2	44.2
Toothpaste	82.2	44.9	55.6

Marketers can make effective use of the large available infrastructure -

Table 3

Post Offices	1,38,000
Haats (periodic markets)	42,000
Melas (exhibitions)	25,000
Mandis (agri markets)	7,000
Public Distribution Shops	3,80,000
Bank Branches	32,000

REASONS FOR SHIFT IN RURAL MARKET FROM URBAN MARKET

Various organizations have their own reasons for tapping the rural market. In any given situation, rural market is seen to strengthen the bottom line as a sales volume booster, thereby taking advantage of economies of scale. The following reasons make the corporates march towards the rural market.

- a) Saturation In The Urban Market:** Organizations are finding it difficult to grow further in urban markets since they have now already catered to the critical mass of consumers.
- b) Increase In Number Of Players In Market :** Low entry barriers further invite competitors to join the rat race in the urban market.
- c) Corporates** have realized that there is an exodus of urban income going to the rural native place. Urban dwellers do pass on a part of their income earnings to relatives living in rural areas from where they hail.
- d) As Urban India Grows,** it needs more help from rural areas. When the new immigrants travel back home, they carry with them stories of urban lifestyles. Awareness is thus created in the potential markets.
- e) Increase In Aspirations And Expectations Of Rural Consumers:** The rural folks are constantly being bombarded with the exposure to urban lifestyle via communication medias like television and telecommunications.
- f) Improvement In Rural Infrastructure :** Better connectivity network with urban cities via rail, road, etc and improvement in other infrastructure like telecommunication make rural markets easily accessible.

REASONS FOR GROWTH OF THE RURAL ECONOMY

The rural economy is witnessing a boom because of the following reasons:

- ✿ Socio-economic changes (lifestyle, habits and tastes, economic status).
- ✿ Literacy level (25% before independence, more than 65% in 2001).
- ✿ Infrastructure facilities (roads, electricity, media).
- ✿ Increase in income.
- ✿ Increase in expectations and aspirations.
- ✿ Government support via various schemes.

Rural development has always been a hot agenda in the list of various political groups. There had been sustained efforts

towards the achievement of rural development. The MSP Minimum Support Program assures a guaranteed minimum procurement price for agricultural produce to farmers. The increase in procurement prices for agricultural products has contributed to a rise in rural demand. Government schemes like NREGS [National Rural Employment Guarantee Scheme, which guarantees 100 days of employment to one member of every rural household] reduced rural under-employment and raised wages. Loan waivers, introduced in the last Union Budget, further boosted the economic status of farmers. The increase in rural purchasing power is reflected in rural growth across a number of categories. The Bharat Nirman program with an outlay of US\$34.84 billion for improving rural infrastructure is another step that has helped the rural economy. To some extent, the growth of organized retail can also be held responsible for the rural economy's growth, as this has ensured that farmers get a better price for agricultural produce. The Bharat Nirman Program, with an outlay of approximately US\$34.84 billion is another feather for improving the rural infrastructure and giving a boost to the rural economy. Organized retail chains like reliance fresh, ITC eChoupal etc. are further ensuring that the farmers are getting a better price for their agricultural produce.

FACTORS AFFECTING THE RURAL MARKET

The following factors affect rural market and hence, the rural economy.

a) Capacity To Spend : Capacity to spend is considered to be a function of opportunity to earn back the money after spending it. With such limited opportunities, the rural consumer spend the money very wisely. Spending is done on the most wanted items and services only.

b) Irregular Income Pattern : Since income is heavily dependant on agriculture and agriculture further depends on monsoon and climate, there is no consistency in time of getting the income. The rural population have low income, irregular income, lack of monthly income and flow of income fluctuating with monsoon winds.

c) Prevalence Of Risk In Income Generation : With huge population of rural economy depending on agriculture for income and agriculture further depending on external factors like weather, insects/pests, sale price of produce, etc, the rural consumer is always associated with the risk of failure. Failure of agriculture produce leads to heavy consequences. E.g. Farmers of Vidarbha region are heavily under pressure of loan repayment. Most of them have gone to the extent of committing suicide.

d) Informal Credit / Borrowing: Since ages, money lenders have been exploiting the villagers. Though MFIs (Micro finance institutions) are playing an active role by extending micro credits, this channel of informal money lenders still exists. In case of failure to repay the loan by a farmer, a credit of thousand rupees extended is settled against their lands worth lakhs and crores.

e) Traditional Values And Beliefs : This is one of the biggest hurdles for rural development. At times, the values and beliefs in these superstitions are so strong that it is not possible to upgrade a village with a product or a service.

INSIGHTS OF RURAL CONSUMERS

The characteristics of rural consumers could also be said to be their insights. A rural consumer is found to possess the following characteristics.

1. Conservative in nature.
2. Bounded by tradition, culture, religion & community. Has a low paying capacity (A big gap in per capita income between Rural & Urban sector).
3. Buys goods on need driven demand basis.
4. Buys products more often, mostly weekly.
5. Buys small packs. Miniatures are welcome (Rs 0.5, 1, 2, 5 and 10 are favorite price points).
6. Products bought need not be the one advertised most often. E.g. - Ghadi detergent is the 3rd largest selling brand, chik shampoo is second largest selling brand.
7. Is exposed to lower choices and options. Hence prefers focus variety while buying.
8. Looks for value. Does not necessarily buy the cheapest product.
9. Prefers buying product from one or two store and they generally do not change unless there is a major problem.
10. Budget is well decided before buying any product or service.

11. Has his own logic based demands because of his traditions, customs & value.
12. Prefers informal credit/borrowing.
13. Has started saving more and more. 1/3rd of the income is saved. In recent years, 70 % the rural households have started saving their income (service class, non-farmers like shop keepers) .
14. Buys in groups and not alone. Consults other colleagues and key opinion leaders for buying . Two factors which influence buying decision is the reference from key opinion leader and the availability of flexible finance provider like commission agents etc for credit.
15. Expects end to end solution.
16. Due to limited source and quantity of income, demands high value for money.
17. Is more comfortable to understand logos and symbols rather than long text matters due to low literacy level in rural India.

KEY DIFFERENCES BETWEEN MARKETING PRODUCTS & SERVICES IN URBAN MARKETS AS OPPOSED TO RURAL MARKETS

Given the nature and characteristics of the rural market, understanding the key differences in marketing of products and services in urban and rural market would help the rural marketers in chalking out an optimum strategy for reaching out to the rural masses.

Following Are Some Of The Key Differences:

- a) The urban consumer buys products based on wants and desires too in addition to need based products. Whereas, due to income limitations, the rural counterparts prefers to go for products on need based platform.
- b) Urban consumer is more open to innovation and experiments. Whereas, the rural consumer prefers to buy time tested and experimented products and services.
- c) Urban consumer usually does some secondary research before buying (like in consumer durables, he visits different discount stores, checks out websites etc.) whereas, the rural consumer seeks to get opinion from the key opinion leader of the village who may be a sarpanch, retired army officer, foreign returned personality etc.
- d) Smaller packs and units are preferred by rural consumers whereas the urban consumer prefers to buy volume packs for cost benefit.
- e) Urbanites usually go for branded products, whereas from cost saving perspective, rural dwellers usually fall prey to look alikes, local brands.
- f) Due to credit facility given by the local shop keeper, the rural consumer accepts the products which the retailer gives. However, in urban market , this seldom occurs.
- g) The rural consumer looks for longevity, whereas the urban consumer looks for performance (e.g. in consumer durables).

CHALLENGES AND BARRIERS IN THE RURAL MARKET

Though the rural markets seem to be lucrative, but they have their own set of challenges and barriers to cater to. The following factors usually acts as a hindrance in tapping the potential of rural market.

- ✿ Low Literacy Rate : Rural India has literacy rate of 28% as compared to 55% of the whole country.
- ✿ High distribution Costs due to wide spread geographical dispersion of rural population.
- ✿ High initial Market development expenditure.
- ✿ Multiple Tiers, Higher Costs & Administrative Problems.
- ✿ Inability of the small retailer to carry stocks without adequate credit facility.
- ✿ Generating effective demand for manufactured goods.
- ✿ Lack of wholesaler & dealer network in small towns.
- ✿ Mass communication & promotion problems due to linguistic and accessibility barriers. The constitution of India recognizes 18 official languages, & there are 1700 dialects.

- ✿ Banking & Credit Problems. Not all villages have banking facilities.
- ✿ Market Research Problems.
- ✿ Inadequate infrastructure facilities (Physical distribution of roads, warehouses & power supply, media availability).
- ✿ Highly disbursed & thinly populated Markets.
- ✿ Low per capita income & poor standards of living social, economic & cultural backwardness of the rural masses.
- ✿ Unequal and varying level of land holdings amongst farmers. About 40% of the rural households are landless. Considering the rest 60%, half of them are marginal farmers (owning less than 2 hectares of land). Large farmers, owning more than 10 acres of land only form a tiny 4% of the rural population.
- ✿ Cultural gap between urban based marketers & rural consumers.
- ✿ Lack of Skilled Sales force.
- ✿ Large number of daily wage earners other than farmers.
- ✿ Acute dependence on the vagaries of the monsoon.
- ✿ Seasonal consumption linked to harvests and festivals & special occasions.
- ✿ Inaccessibility to conventional advertising media. It is estimated that organized media can reach about only 30 % of the rural population & the print media have a reach of only 18 %.

MYTHS ABOUT RURAL MARKETING

There are some common myths and notions related to the rural market. Some of these are enlisted below:

a) The Rural Market Is A Homogeneous Mass: The fact that 70% of population is spread over 6 lac + villages itself assures the heterogeneous population. There are various classes of population based on income and occupation like tenants, landlords, artisans, labourers, traders; small farmers; marginal farmers etc. There is a state wise variation. E.g. . literacy in Kerala is 90%, but in Bihar, it is 44%. Population below poverty line in Orissa is 48% but in Punjab, it is just 6%. Different geographies call for different strategies and servicing needs.

b) Disposable Income Is Low: Though low, it is altogether accessible. There are 27.4 million middle class households with annual income between Rs. 45,000 - 2,15,000 in rural sector as compared to 29.5 million for the urban sector.

c) Buying Decision Are Taken Individually : The Decision making process is collective. In purchase process, the influencer, decider, buyer, payer, customer and consumer - can all be different. Hence, there are multiple touch points in selling process for the rural market. Marketers must address the brand message at several levels. Rural youths having access to cities, bring brand knowledge to households.

d) Rural Market Is All About The Agricultural Market : The Agriculture market is just a part of the rural market. Contribution of agriculture to Indian GDP has come down from 32% in 1990-1991 to 17% in 2007-2008. Almost half of the rural Indian economy is non agriculture based and a third of the households- around 50 million- are engaged in non agricultural activities like trading, manufacturing, masonry work etc.

e) Rural Income Is Mainly Agricultural Income And Thus Not Certain: Non- agricultural activities have a decent share in rural income. It is not that all rural income is agricultural income. Non- farm activities like cattle rearing, poultry, etc constituted to become 60% of rural income in 2007 (as per NCAER estimates).

The Monsoon Non-effect : Traditionally, the monsoon nurtured FMCG markets. In the four-month period from June to September, FMCG firms prospered along with farmers by selling more products in rural markets. Companies such as Hindustan Unilever, Marico and Britannia earn up to 25-40 per cent of their revenues from rural markets. But new evidence suggests that the monsoon's impact on the FMCG sector is more psychological.

f) Rural Consumers Lack Purchasing Power : Rural consumers go for value for money which does not necessarily imply that they lack purchasing power. Various government schemes like NREGS, minimum support price etc has helped to strengthen the purchasing power of rural consumers. Retail shops in rural areas are stocking products that till now were thought of as urban.

g) Only Male Member Is The Decision Maker In The Family : Females in the house are taking on the baton of decision making. With men of the house being out of home in town for earnings, the women of the home enjoy

the decision making and buying process. It becomes more easy if the money to be spend is not from the regular saving.

h) Rural Consumers Are Not Open To Technology : 30% of Nokia cell phone demand comes from rural and semi- urban India. Tele density in rural India is 16.54 as against targeted 4 % as stipulated in the New Telecom Policy in 1999. Hero Honda's top line witnessed 40% contribution from rural markets in the financial year 09. This shows that there is no barrier for technology to reach to rural India. The only need is to customize the technology for rural needs e.g., language etc.

i) Rural Market Only Welcomes Tangible Products Like Durables ,FMCGs, Personal Goods Etc : Rural market is the most sort market for service industry. Major players in financial services, insurance and banking, micro finance , telecommunications and retail are marching aggressively towards this economy and have witnessed acceptance and growth too.

j) Growth In Rural Market Is Slow, Investments Give Late Results : Every market needs some gestation period. The same holds true for the rural market. The geographical widespread further demands more time to access and establish any business. The slow growth is offset by the brand loyalty by rural folks. The growth in the rural is evident from the fact that the domestic demand for fertilizers grew by 11% in FY 09 as against 2.2% decline globally. Mahindra and Mahindra tractor manufacturer reported a 21% jump in its tractor sales during the year.

According to Hansa Research, a market research firm that has published a Guide to Indian Markets 2006, the penetration of consumer durables has risen sharply in India's villages between 2000 and 2005. In color TVs, sales are up by 200%; in motorcycles, sales are up by 77% and in refrigerators, the figure is 31%.

STRATEGIES FOR THE RURAL MARKET

Given the challenges and opportunities offered by the rural market, only those companies with serious and sound marketing strategies have been able to make a dent in the rural market. These strategies can be clubbed under broad headings of Availability, Awareness, Affordability and Acceptance.

❁AVAILABILITY

The first strategy is to be available in the rural market. However, this is easier said than done. India's 627,000 villages are spread over 3.2 million sq km; 700 million Indians may live in rural areas. Finding them is big task in itself. However, given the poor state of roads, it is an even greater challenge to regularly reach products to the far-flung villages. For building the critical mass, every effort must be taken to at least tap 13,113 villages with a population of more than 5000 .At least, the feeder towns (towns from where supplies and purchases are made for other smaller towns and villages) should be covered for width and depth of distribution. The companies with relatively fewer resources can go in for syndicated distribution where a tie-up between non-competitive marketers can be established to facilitate distribution.

Around 8000 rural melas are held in rural India every year. Weekly bazaar haats is another potential low cost distribution channel available to the marketers. Also, every region consisting of several villages is generally served by one satellite town (termed as "Mandis" or Agri-markets) where people prefer to go to buy their durable commodities. These towns are the feeder towns. These towns provide the opportunity to bring your product in reach of multiple villages.

❁AFFORDABILITY

The second strategy is to ensure affordability of the product or service. Small packs and miniatures is the solution. This is required keeping in mind the occasion, frequency and quantity of purchase. This takes care of sales, given the fact of low disposable and inconsistent income of villagers. HLL, P&G, Godrej Consumer products Ltd. have been getting almost 50% of their volume from rural markets via sale of low priced shelf keeping units.

❁ACCEPTABILITY

The third strategy is to gain acceptability for the product or service. This calls for customization of product and service for rural India. 'One size fits all' is the concept which no longer exists. Therefore, there is a need to offer products that suit the rural market. Intel has developed special computers with low configuration and working on batteries so as to

answer the power failure issues. 'Sampoorna' TV by LG is another such effort. An ice box provided by Coca-Cola and thermocol boxes for seasonal outlets is another such effort.

❁ **AWARENESS**

The fourth strategy is raising awareness about the product and service amongst the rural dwellers. Mass media is not the only solution for this. Direct marketing is the most trusted channel. Rural marketing involves more intensive personal selling efforts as compared to the urban markets. However, given the scale requirements, various Medias like melas, weekly haats are tapped to promote via sales promotion. Opinion leaders from villages are the next best channel to promote brands. KOLs using the brand and then recommending the product add to the credibility of a product service. Techniques that have proved to be successful are Van campaigns, edutainment films, generating word of mouth publicity through opinion leaders, colorful wall paintings in addition to television.

RURAL INITIATIVE BY VARIOUS CORPORATES

As a CSR activity, various organizations and business houses have opted to do a mark in rural markets and rural upliftment. Of these, a few remarkable ones are by SBI, HLL and ITC.

❁ **THE STATE BANK OF INDIA**

The State Bank of India (SBI) has started a zero-balance bank account program for villagers. Called the SBI Tiny account, there are no physical branches or officials, just a paid volunteer who is equipped with a small box and a cell phone. The box enables biometric measurements (fingerprints), at the time of opening the account to confirm the account holder's identity. The cell phone enables communication with the zonal office to check on available balance. Payments under programs such as the NREGS and pensions are made directly to these accounts. The advantage for the villagers is that they can withdraw money from their accounts at any time of the day or night. SBI hopes to cover 100,000 villages by 2012.

❁ **HLL'S PROJECT SHAKTI: CHANGING LIVES IN RURAL INDIA**

Hindustan Unilever's Project Shakti is a rural initiative that targets small villages populated by less than 2000 individuals. It is a unique win-win initiative that catalyses rural affluence even as it benefits businesses. Project Shakti impacts society in two ways - the Shakti Entrepreneur program creates livelihood opportunities for underprivileged rural women and the Shakti Vani program improves quality of life by spreading health and hygiene awareness. Project Shakti benefits business by significantly enhancing HUL's direct rural reach, and by enabling HUL's brands to communicate effectively in media-dark regions. Shakti contributes by creating profitable micro-enterprise opportunities for rural women. Armed with micro-credit, rural women become Shakti entrepreneurs: direct-to-home distributors in rural markets. This micro-enterprise offers low risks and high returns. The products distributed are some of the country's most trusted brands of consumer goods, and include a range of mass-market products especially relevant to rural consumers. Moreover, HUL invests its resources in training the entrepreneurs, helping them become confident, business-savvy professionals capable of running their own enterprise.

Shakti entrepreneurs typically earn between Rs. 600 to Rs. 800 per month. As most of these women are from below the poverty line and live in extremely small villages (population between 2000-5000), this earning is very significant, and often doubles their household income.

❁ **ITC'S E-CHOUPALS**

Choupal is the Hindi word for the village square (normally under a tree), where elders meet to discuss matters of importance. 'E' stands for a computer with an internet connection and is the farmer's window to the world outside his village. ITC installs a computer with a VSAT Internet connection in selected villages. A local educated farmer called sanchalak, or conductor, operates the computer on behalf of ITC. He is not paid for his services but gets a commission on all transactions.

At the e-choupal, farmers are offered services like daily weather forecasts and price of various crops in the local market free of cost. They can download information about farming methods specific to each crop and region through an arrangement with agriculture universities. They can buy seeds, fertilizers, pesticides and even bicycles, tractors and

insurance policies. Over 35 companies currently sell their products through the network. Villagers can also sell the produce to a central hub location called as 'choupal sagar'.

Services provided by choupal sagar are:

- ✿ ITC agri-sourcing centers providing farmers a transparent best price sales window,
- ✿ Shopping centers bringing a range of products comparable to urban levels of choice, and
- ✿ Facilitation centers delivering a host of farm-related services - training, soil testing, product quality certification, medical and clinical services, cafeteria and fuel station.
- ✿ 24 Choupal Sagar hubs are already in operation in 3 states, to grow to 100 by 2010.

CONCLUSION

One needs to be a good psychologist in addition to marketing veteran to be successful in rural India. Due to its variety, each state is a different country. It is important for marketers to understand how a customer behaves, interprets & analyses a product, communication, pricing & purchase action. Thorough understanding of rural markets, patience and perseverance & a systematic approach are necessary to penetrate the rural markets. Given the opportunity of a rural market, companies should explore the rural markets and not exploit them. It is necessary to understand that both urban and rural markets are the producer and consumers to each other. Looking at the challenges and the opportunities, which rural markets offer to the marketers, it can be said that the future is very promising for those who can understand the dynamics of rural markets and exploit them to their best advantage. A radical change in attitudes of marketers towards the vibrant and burgeoning rural markets is called for, so they can successfully impress on the 230 million rural consumers spread over approximately six hundred thousand villages in rural India.

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