Agricultural Marketing as a Catalyst for Rural Marketing in India: A Descriptive Study

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Abstract: India is often considered as an agricultural country. Since the independence, India took a prime responsibility to feed the newly independent born people and India has successfully achieved the agricultural targets. Considering the large population of the country, there is need to improve the nutrition level and for this very reason, the prime objective is to develop agriculture and agricultural marketing. A vast part of Indian population lives in rural areas or villages. In other words, 68.84% Indian population lives in 6, 40,887 villages and its size is more than 833.33 million. This is Indian rural market and its size itself speaks about its potentials. During the global recession, it was Indian rural market that escaped Indian economy from the bad impact of recession. “Go rural” is the slogan of marketing Gurus after analyzing the socio-economic changes in villages. Rural people depend on agriculture directly or indirectly. Now the need of the hour is to improve the marketing of agricultural produce so that farmer must get maximum shares in the consumer money. For country’s development, rural marketing is must and for rural marketing (development) agricultural marketing is the essence. The purpose of this paper is to highlight the importance of agricultural marketing for the development of the rural India. The paper also discusses the various problems of agricultural marketing as well as investigates the ways to improve the marketing environment within rural areas.

Keywords: Rural, agricultural marketing, problems, Opportunities, Government initiatives.

I. INTRODUCTION

Broadly, rural marketing incorporates marketing of agricultural products, industrial products and services. Development of rural India is impossible without the effective and efficient rural and agricultural marketing. A little attention has been paid towards the development of rural and agricultural marketing. Rural marketing refers to marketing of goods and services from urban to rural areas and agricultural marketing refers to marketing of goods and services from rural to urban.

What is agricultural marketing?

Agricultural marketing includes the activities such as planning-production, growing and harvesting, grading, packing, storage, processing, promoting and selling-involved in transferring agricultural products from the farm to the consumer (Vadivelu & Kiran, 2013). The National Commission on Agriculture has defined agricultural marketing as a “process that starts with a decision to produce saleable farm products that also includes pre and post harvest operations, assembling, grading, storage, transportation and distribution”. On this, agricultural market can be classified as primary, secondary and terminal or export market. There are various channels in these markets such as government channel, cooperative channel and private channel (Krishnamacharyulu and Ramakrishna, 2011, pp. 494-495).

In older days, selling of agricultural produce was very easy. It was either a direct selling or for a barter. In fact, it was not marketing but was only selling. But at present time, presence of middlemen, commission agents, latest technologies have made agricultural marketing more challenging. There are several risks involved in agricultural marketing. Pricing of agricultural products depends upon season ability and perish ability, demand and supply. Agriculture is an important and a precious tool of Indian economy (Shakeel-Ul-Rehman et al., 2012). Many think, rural marketing is agricultural marketing. But it is a wrong view. In fact, rural marketing has two main aspects. (I) Marketing of manufactured products. (II) Marketing of agricultural products.

II. REVIEW OF LITERATURE

Rural marketing and agricultural marketing are two sides of a coin. Rural and agricultural marketing is an untapped opportunity and an unexplored area compared to urban market. Marketers can set up booths in traditional farmer’s market to increase awareness, observability, relevance, and trialability to rural consumers. A specific segmentation strategic approach with different product, communication, and distribution will help to succeed (Sun & Wu, 2004). Culture has its influence on the buying behaviour of consumers. It is always important for the marketers for market Segmentation, product planning and promotional activities to understand the consumer demographics value and life style. Segmentation of consumer by lifestyle is being done by the marketers (Harcar, 2008). The Study states that potential of rural market can be availed if ICT’s constraints are
removed and steps may be taken to create awareness among farmers about the importance of ICT. Indian rural market has immense potential but there is need to understand the characteristics and mind sets of rural customers. With the advent of IT, internet, globalization and increasing education and income levels, rural people are changing in respect of their habits, living style, buying behaviour and also respect of consumption.

Agriculture Production is increasing because green revolution, govt. policies, better credit facilities through bank and consequently, consumption level is also increasing. Now rural customers have high disposable income which is profitable for marketers. In addition to this, rural market is adding more than one millions new consumer every year. It can be concluded that rural market has huge potential in India. But need of the hour is to artfully tap this market (Kalotra, 2010). Rural Marketing is a developing concept and this market has huge untapped potential. Rural market and rural marketing have different special features which are different from the urban market and rural opportunities are very lucrative for the marketers. Rural market has myths like rural consumers are not brand and quality conscious. There is a need of more innovative strategies and promotional campaigns. Project Jagruti by Colgate Palmolive India, Mahindra & Mahindra Ltd. has 700,000 strong-customer base for Mahindra Tractor & 400 plus dealer network are example of innovative strategies. In Rural area, fairs, haats, markets are important marketing tools. Location like mandis & villages fairs act as a catalyst for a brand and radio & T.V. have made impact on rural customers (Ahmed, 2013). This Study strives to understand the distribution structure across rural villages of India. A rural corporative society may be defined as a group of producers who are farmers & agriculture workers and have organized themselves to help each other. It not only facilitates finance but also guides in different ways. In India corporative movement started in 1904. In Indian economy, small and marginal farmers and agric-labourers have predominated place. But because of credit scarcity in farm service & supplies, they have to approach to various agencies for credit. Commercial banks are also effective but corporative play major role in providing finance to rural people. For Production and for reducing poverty level in India, rural credit plays a very important role for enhancing productivity efficient availability of credit is must. There is need to develop a comprehensive policy, considering the impacts of adverse monsoons and natural catastrophes so that rational relief can be given to the farmers. In short, it can be concluded that to improve agric-productivity, production, and consumption of consumable goods, marketing and rural credit are very important (Kumari, P., 2012). Indian consumers’ story has attracted the attention of whole world. The money spending ways of consumers on different things have changed in the recent years. Revolution of IT instruments like internet, social media have contributed to bring about change in consumer behaviour and this change is taking place at rapid speed. Although, behaviour of consumer is complex, increasing consumer awareness and development of modern urban life style are playing significant role to bring about change in behaviour of rural consumers. A few factors like celebrity influence, trends of online shopping, popularity of eco-friendly products cannot be ignored while studying customers’ behaviour (Kumari, P., 2012). Rural India depends on agriculture for income and agriculture output depends on good monsoons, irrigation, seeds, fertilizers, chemicals, pesticides and other agricultural inputs like tractors, threshers etc. Indian tractor industry is the biggest in the world. India is the 8th position in world in terms of total tractors usage and which is 3% of world tractors in usage. Arable land in India is 12% of whole world. Several factors influence the demand of tractors like agricultural growth, and dual usage of tractor. There is need to improve in technology, improvement in fuel efficiency, improvement in tractors implements and for this there is need to motivate manufacturers to design new models and to collaborate with international manufacturers (Mandal & Maji, 2013). Indian agro industry is playing a significant role in the economic development of the country. Traditionally, India is known as an agro country and the country is one of the largest producers of wheat, paddy, pulses, and vegetable in the world. The industry was triggered by green revolution than followed by white revolution, yellow revolution. Indian agricultural industry is highly unorganized (42%), organized (25%), small scale (13%) and characterized by less tech., labour intensive, and less competition (Panda, 2015).

Objectives of the Study

i. To highlight the importance of rural and agricultural marketing.
ii. To investigate the problems of agricultural marketing.
iii. To show up the opportunities of rural and agricultural marketing in India.

Relevance of the Study

India is an agricultural based economy and growth of others sectors depends on rural demand. Because of increasing purchasing power of rural communities, rural markets are getting importance. Marketing is a dynamic state of affairs and is a part of the whole economy. Production and marketing are two side of a coin. Rural market contributes more profits than urban. Agriculture-inputs like seeds, fertilizers, pesticides, cattle feed and agricultural machinery has huge potential for growth in rural markets along with consumer goods (Singh & Sharma, 2012). But simultaneously, if marketing of agro produce is enhanced; all this can be true in real sense and will provide speed to the growth of Indian economy.
III. RESEARCH DESIGN AND RESEARCH METHODOLOGY

Sources of Data
- Secondary data—Literature from articles published in journals.
  - Literature from reference books.
  - Literature from websites.
- Research design—Descriptive research design has been used.

Potential of Rural Market in India
- 49% Motor Cycles are purchased in rural India.
- 59% Cigarettes are consumed in rural India (Singh & Sharma, 2012).
- 53% Fast Moving Consumer Goods are consumed in rural market (Sharma, 2013).
- 59% Durables are bought in rural India.
- 20% who have signed up for rediffmail, 60% are from rural India (Avinash & Satyam, 2013).
- More than 50% LIC policies have been sold in rural areas (Avinash & Satyam, 2013).
- The FMCG companies get 50% of total sales from rural India. Emami gets 40-45% of its sale form rural markets. Dabur gets (50%) and Marico (30%). Monsoons play vital role in consumption of FMCG. Good monsoons lead to good agricultural production which in turn leads to high disposable income and which in turn leads high consumption (reports.dionglobal.in).

These immense potentials of rural market can be realized if marketers understand the rural consumer. The future of rural market has been emphasized by McKinsey’s (2007) “GOLDEN BIRD REPORT” on Indian market that rural market, in next 20 years, will be larger than total consumer markets of countries like South Korea or Canada at present. Its size will be four times more than today’s Indian urban market and it will account for $577 billion. Thus it can be concluded that at present as well as in future, rural market is very attractive.

The Status of Agriculture in India

Table 1.0: Agriculture’s Contribution In Total Employment

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<tbody>
<tr>
<td>Agriculture &amp; allied</td>
<td>59.9%</td>
<td>58.5%</td>
<td>48.9%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>16.4%</td>
<td>18.2%</td>
<td>24.3%</td>
</tr>
<tr>
<td>Service</td>
<td>23.7%</td>
<td>23.3%</td>
<td>26.9%</td>
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</table>


In Indian GDP, agriculture’s contribution is near about 24.7% and it contributes 13.1% in total export of the country. Agriculture sector provides employment to 48.9% of Indian population. So, it can be stated that development of India depends upon growth and prosperity of rural population and that in turn depends on growth of the agriculture. In India, cropping pattern in agriculture is continuously changing. The area of Ragi, Bajra, small millets, barley and coarse cereals area reducing instead of wheat, jowar, maize gram and pulses are taking more areas for yield. Thus, it shows a change in trend of cropping system.

Table 1.1: All Indian Estimation of Area of Food Grain

<table>
<thead>
<tr>
<th>Crops</th>
<th>Ninth Five Year Plan</th>
<th>Eleventh Five Year Plan</th>
<th>Twelfth Five Year Plan</th>
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<tbody>
<tr>
<td>Wheat</td>
<td>26925</td>
<td>27275</td>
<td>27185</td>
</tr>
<tr>
<td>Jowar</td>
<td>10123</td>
<td>10123</td>
<td>10123</td>
</tr>
<tr>
<td>Barley</td>
<td>5061</td>
<td>5029</td>
<td>5029</td>
</tr>
<tr>
<td>Ragi</td>
<td>1378</td>
<td>1378</td>
<td>1378</td>
</tr>
<tr>
<td>Area</td>
<td>30504</td>
<td>30504</td>
<td>30504</td>
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</tbody>
</table>

This Table 1.2 shows the Indian estimates of production of food grains. The both food grain tables’ show that basic food grain (rice, cereal, and pulses) have a consistent trend but other food grains have been a changing trend from traditional to economy crops. The source indicates that edible and non-edible oilseeds have a consistent trend over last 15 years.

Rural development is the process of increasing level of per capita income in rural areas as well as standard of living of people which is ensured with nutrition level, health, literacy and security. With passage of time, concept of rural development has got changed. Traditionally, it was fixed with maximum utilization of land intensive natural resources but now it states –overall holistic development of area, environment and its people (Akoijam, 2012). Rural development depends on growth of farmers, rural artisans, shop-keepers, micro and small entrepreneurs and all other concerned with rural phenomena. The process of real rural development starts with farmers. So, facilities like credit, subsidies, IT training and new agric inputs should be made available to them. If agricultural-activities run successfully, then the process of rural development can be actualized in real sense (Akoijam, 2012).

Problems in Agricultural Marketing

During last fifteen years, agricultural marketing has changed. The main reasons are increased agricultural production, increase in urbanization and income level and consequent change in demand pattern. Some of the problems in agricultural marketing are discussed here:

The study found that in marketing of Mushroom in Haryana, a major part of consumer money is obtained by the middlemen. One of the important aspects of agricultural marketing is that prices of agricultural commodities go lower during the harvesting time in India (Khatkar et al., 2005). The study found that

1. Market size is large and agricultural production is increasing at rapid speed but marketing system has not achieved pace.
2. 80% of marketed surplus is handled by private trade, but private trade has not invested in infrastructure.
3. Farmers are negligent to direct marketing.
4. In the 27, 294 rural periodic markets, 85% lack facilities for efficient trade.
5. Poor handling at farm gate is another big problem. About 7% of grain, 30% of fruits & vegetables, 10% seed spicies is lost before reaching market.
6. Due to lack of poor infrastructure Rs. 50,000 crore are lost annually in marketing chain (Acharya S.S., 2006).

Agricultural sector faces new challenges for finding markets for increased agricultural production. Rural people cannot sell their production and also have inadequate information regarding prices of their produce (Kusugal & S. Nagaraja, 2013).

Opportunities for Rural and Agricultural Marketing

(1) More population- Indian rural population is more than that of urban. Percentage share of rural population 2011- has been more from 1991 to 2011. Now 68.84% of Indian population lives in rural areas. It means more demand for consumption items, clothes, textiles, automobiles, various electrical households’ appliances, education, health-facilities, hotels, transportation, and agro-based products will be in rural India. This gives marketers an obvious understanding to reach the rural market. By analyzing Indian population with percentage share of rural and urban, marketers will have conspicuous understanding about where to go and why. The given table will be of assistance in this context.

(2) More literates live in rural India- This is a very positive sign for rural development. The table given below shows the percentage literacy rates of urban-rural and Men-female.
Digital India’s marketers can easily understand that opportunities to digitize and distribute costs. Farmers will have access to market information regarding new development of agricultural market and that depends on development of agricultural produce, the distribution costs. Therefore, mobiles and modern automobiles. Today, rural marketing has plenty of potentials for grow in future and is becoming more attractive and accessible because of increasing transport facilities with governmental programme (Prime Minister Sadak Yojana), IT revolution, internet, mobiles and modern automobiles. Today, rural customers want to change with global trends and have started buying branded products (Kala & Chobe, 2016).

### IV. RESULTS AND DISCUSSIONS

Economy development of the country depends on the development of its rural people and that depends on development of agricultural produce and productivity, rural and agricultural marketing as well. Today urban marketing is very costly and is facing saturation. That is why, focus of marketers should be rural market and for effective utilisation of potentials of rural market, marketers should facilitate agricultural marketing. They should invest in infrastructure and in all other facilities important for agricultural marketing. Because when farmers get good and timely marketing of their agricultural produce, then there will be more disposable income with farmers, artisans, shopkeepers and all other concerned with rural phenomena. More disposable income is a sign of marketing success for the marketers. So, the need of the hour is to develop all such activities, services, infrastructure- transport, distribution, storage- market knowledge, investment for innovations, credit-facilities, IT system, HRM in rural and agricultural development and essential steps should be taken for promotion of agricultural export to promote rural and agricultural marketing.

**Managerial implications**

This study will help to eliminate all the myths about the rural market. After review of potentials and opportunities for rural and agricultural marketing, marketers can easily understand that vast earning- abilities lie in the rural marketing. But to develop rural market, development of agricultural marketing is must. Manufacturers and marketers should strive to reduce the production cost and to minimize distribution costs. Simultaneously, product price and durability should be given priority while entering in rural market. Marketers

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**Table 1.3: Rural-Urban Literacy rates: 1991-2011**

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<tr>
<td></td>
<td>P</td>
<td>M</td>
<td>F</td>
</tr>
<tr>
<td>Total</td>
<td>64.87</td>
<td>76.56</td>
<td>52.32</td>
</tr>
<tr>
<td>Rural</td>
<td>55.52</td>
<td>69.74</td>
<td>40.96</td>
</tr>
<tr>
<td>Urban</td>
<td>79.20</td>
<td>86.41</td>
<td>70.87</td>
</tr>
</tbody>
</table>

Source: (Indian census, 2011).

The above table shows that there are more educated people in the rural India. Literacy rate of rural people has been consistently increasing and that is a very positive sign for the advancement and development of a country.

A: The Terminal Markets- These markets were started to promote fruits, vegetables and other perishables in important urban areas. B: AGMARK- provides quality measures and marketing facilities to Indian farmers. It works through exhibitions, seminars, conferences and workshops. C: AGMARKNET- It is the marketing research and information network. This was started by department of agriculture and cooperation in March 2000. D: Construction of Rural Godownas- It is a central sector scheme and started with name, “Grameen Bhandar Yojana” in 2002 to promote construction of rural godowns (Kusugal P. S. and S. Nagaraja, 2013). Agricultural produce marketing committees: APMCs play a vital role in giving opportunities to rural farmers to sale their produce at good price. The number of regulated market was only 286 at the end of 1950 but this number increased up to 7,157 by 2010. This is a very constructive indication for agricultural development (Kusugal P. S. and S. Nagaraja, 2013).

1. Government Initiatives like “Digital India” will facilitate rural and agricultural marketing. With government initiative of Digital India, we can expect consumers in rural India to go for online purchasing and consumption. Farmers will have access to market information regarding new innovations, new technologies, prices of farm produce and agri-inputs. This will strengthen India farmers and rural consumers. Credit- facilities, crop insurance to farmers, schemes like animal welfare, rural electrification and a unified e- platform started by Indian government for farmers will accelerate Indian rural and economic development (Ruralmarketing.in).

2. Budget 2016-17- Budget 2016-17 is very favourable for rural and agricultural marketing. A): Indian government has planned to double farmers’ income by 2022. B): Rs. 35,984 crore have been allocated for agriculture and farm welfare. C): Rs 9000 crore for farmers’ credit. D): Rs. 5500 crore have been announced for Prime Minister Fasal Bima Yojana. E): Rs 38,500 crore have been announced for rural employment scheme MGNREGA. This will help to reduce the farm risk, unemployment risk, credit risk and ultimately supports the rural and agricultural marketing (Ibef.org/news/budget-2016-17).

3. Rural marketing has plenty of potentials for grow in future and is becoming more attractive and accessible because of increasing transport facilities with governmental programme (Prime Minister Sadak Yojana), IT revolution, internet, mobiles and modern automobiles. Today, rural customers want to change with global trends and have started buying branded products (Kala & Chobe, 2016).

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should invest in infrastructure and communication facilities. Thus, marketers can succeed in rural marketing for long run.

**Limitations and Future Research Directions**

Like any other social research, this study also has the following limitations:

1. The study is confined to review of existing literature.
2. If primary data is used, results will be more effective and different.

**V. REFERENCES**


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