

Paper –CONSUMER BEHAVIOUR

Dr. James Hussain

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Assistant Professor (Guest Faculty)

MBA, Sem-III

Email.-mbajames123@gmail.com

Topic- The Environment of Rural Market

As explained earlier, due to various developmental programmes today, the rural market offers vast untapped potential to marketers. Along with increased income and improved standard of living, awareness and lifestyles have also changed for the better in rural areas. In order to facilitate full exploitation of the rural market potential, the marketer has to understand the actors involved in the rural marketing environment. The major factors involved are demographics, occupation pattern, income generation, marketing of agri-produce, rural industries, rural communication facilities, infrastructure, buyer behaviour, and changing attitudes, beliefs, values and aspirations of rural consumers.

Population

According to the 2001 Census, 740 million Indians forming 70 percent of the Indian population live in rural areas. The rate of increase of rural population is also higher than that of urban population.

Occupation Pattern

In spite of economic development, agriculture and related activities constitute the major occupation of the majority rural population, i.e., about 50 percent. About 27 percent are agricultural labourers who are dependent on these activities. Petty traders and salary earners form a negligible group. Income generation hence depends mainly on agriculture which in turn depends on the vagaries of the monsoon.

Income Generation

Since agriculture is the major occupation, 75 percent of rural income is generated from agriculture and related activities.

Location

Compared to the concentration of urban population in smaller geographical areas of about 3700 towns and cities, the rural population is spread over 630,000 villages all over India. The density of population in villages depends on the availability of irrigation facilities and arable land.

Expenditure Pattern

The total expenditure on food items is around Rs.12,000 crore in rural areas as opposed to Rs.6,000 crore in urban areas. The expenditure on non-land items in rural India is 14 times that of urban areas. Rural folk spend Rs.65.00 crore on FMCG, R. 5.000 crore on durables, Ps. 45,000 crore on agri-inputs. The share of food in the average monthly per capita expenditure (MPCE) continues to show a declining trend in rural India as seen in urban households.

Literacy Level

Rural literacy level is increasing every year. Also, though the urban areas have high level of 80 percent literacy (2001 Census in terms of numbers it was only 200 million persons, while it was 367 million in rural areas. Communication in rural market, therefore, does not pose any problem for marketers. Television has penetrated into rural India with full coverage which offers excellent reach compared to other media

Land Distribution

Since the basic resources in agriculture is land, distribution of land becomes a major factor in deciding income distribution in rural areas. About 75 percent of the land holdings account for 25 percent of total cultivated area, while the balance 25 percent of holdings account for 75 percent of land. Due to this uneven pattern of land distribution, income distribution