

Management Practices of Rural Enterprises versus Markets of Urban Areas

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Abstract

Rural and urban areas have very different distributions of jobs. Professionals, skilled workers, semiskilled employees, and unskilled laborers all coexist in metropolitan areas. Education, experience, and practice are the means through which specialists acquire their expertise. People in rural areas traditionally work in agriculture, but many are leaving the industry for more lucrative but less physically demanding alternatives including retail, specialized labor, and wage jobs. As technology spreads to more outlying locations, educational standards in rural areas are rising quickly. Both agricultural production and agricultural employment are declining at a rapid rate. The service industry is where much of the growth has been seen. While at a far slower rate, the industrial sector has also grown. Rural communities are seeing a far quicker pace of growth in blue-collar employment (mainly manufacturing and service employees) than their urban counterparts. As a person's work is often indicative of their family's disposable income, it plays a part in destination marketing efforts. This has repercussions for how much various products and services cost in various regions. Companies may have trouble charging different customers various prices. The improved financial situation of rural customers, reflected in the increasing number of skilled employment and salary positions in rural India, means that businesses may get a strong foothold in the rural sector and even explore previously unexplored regions.

Keywords: rural, urban, training, skill development, agriculture, technology, remote areas, financial capability of household, destination.

Introduction

India's economy may be broken down into two broad categories: rural and urban. The rural market is robust and has survived on its own for decades. One tenth of the world's population resides in rural India, making it impossible to ignore. Companies in India are expanding into rural areas because of the widespread upheaval happening there. Consumers in rural areas are savvy, and local marketplaces are thriving. There are a number of ways in which rural regions vary from metropolitan ones. In contrast to urban India, rural India has its own distinct literacy rates, family structures, job patterns, social practices and norms, and other characteristics. Consumer behavior is influenced by a diverse collection of elements in rural areas. Consumer behavior is more influenced by societal norms, traditions, castes, and social conventions in rural regions than in metropolitan ones. Demand from rural residents also tends to fluctuate with the seasons, due to the cyclical nature of agriculture.

In spite of the fact that rural regions offer marketers significant prospects on the whole, over 68% of these markets are still unexplored, mostly owing to inaccessibility. It is not cost-effective to reach many sparsely populated outlying settlements dispersed across a wide region. Up until recently, the majority of advertising in this nation was directed at the city dwellers. The marketing potential in rural areas is expanding quickly at the moment. First, it would be helpful to learn how the nation is divided between cities and rural areas.

Around a third of India's population resides in urban areas, while over two-thirds (68.84%) calls rural areas home. The country's population is dispersed throughout its metropolis and smaller towns. India is home to six of the world's twenty-five biggest cities. With 128 million homes and a rural population roughly three times that of the urban, India's rural sector presents a massive potential. Around 41% of India's middle class and 58% of the country's total discretionary income may be found in rural areas. Think about the following positive changes in purchasing habits among consumers to get a sense of why this is the case. Purchasing habits in metropolitan centers of India are quite different from those in rural areas. The overarching goal of this study is to highlight the key distinctions between the rural and urban markets in India.

Because of their smaller size, more similarity, and lack of distinction, people in rural areas tend to engage with one another on a more intimate and lasting scale. Most decisions are made as a group, with input from key figures like shopkeepers, mayors, teachers, specialists, etc. It is important to keep the cultural norms of rural communities in mind while marketing communication initiatives and strategies are developed. Low levels of education and literacy are a serious problem in rural areas. Because of this, there are far fewer goods available in rural areas. The four A's—affordability, acceptability, availability, and awareness—are especially crucial in rural areas. The greater scale, diversity, and social distinction of the urban population leads to impersonal, causal relationships. The decisions are made on an individual basis. The population in metropolitan areas is highly concentrated, and the infrastructure and services available there are first-rate.

Although the bulk of the urban population resides in big cities, the vast majority of the rural population is dispersed and lives in small to medium sized villages with inadequate infrastructural facilities. The total cost of providing service to customers is greater in rural areas because of these factors than it is in metropolitan areas. Even while rural residents who have moved to cities are adding to the urban population, they are also bolstering the buying power of their rural relatives by giving them money. In doing so, they are also exposing their rural-dwelling relatives to the metropolitan way of life they are leaving behind.

The Market Potential

With 128 million homes and a rural population roughly three times that of the urban, India's rural sector presents a massive potential. There are now over 6,45,000 villages in India. The population is less than 5000 in all but approximately 15,000. Based on marketing definitions, most fast moving consumer goods (FMCG) businesses would classify as rural any location where the primary industry is agriculture and the population is less than twenty thousand. Accessibility issues, sparse retail options, a lack of storage space, the need for numerous middlemen in the distribution chain, and the inability of those middlemen to make necessary financial investments (stocking up on inventory,

purchasing delivery vehicles) all contribute to the difficulty of reaching consumers in rural areas. Village marketplaces (or haats), agriculture markets (or mandis), and rural fairs are other ways to contact rural customers that need to be appreciated in this light (melas).

Demarcating the Rural/Urban Divide

There is no universally accepted definition of a "rural" region. Yet, "all settlements having a municipality, corporation, cantonment, or a notified town area" are considered urban in the Indian census, whereas "all other places matching the following criteria qualify as rural areas:-"

- a) A minimum of 5,000 people,
- b) Seventy-five percent or more of the male labor force engaged in industries other than agriculture
- c) At least 400 people packed into every square kilometer.

All agricultural inputs such as fertilizers, pesticides, seeds, tractors, consumer durables such as radios, bicycles, mopeds, clocks, batteries, electrical and electronic goods, etc., and consumables such as soaps, detergents, cosmetics, tea, coffee, cigarettes, and food items are included in the formalities governing the movement of goods and services from urban to rural areas. Little agricultural inputs, domestic earthen things, wooden items, as well as the services of blacksmiths, carpenters, masons, and cobblers all circulate within a rural community itself. This definition includes the following illustration:-

By 2025, India's GDP is expected to more than double, making it the fifth biggest consumer market in the world. Even though most of this wealth creation will occur in cities, rural families will nonetheless enjoy its benefits. The average yearly real income of rural families is projected to increase from 2.8% to 3.6% during the next two decades. According to "The 'Bird of Gold': The Growth of India's Consumer Market," a research published by McKinsey & Company. By 2025, India is projected to become the fifth biggest consumer market in the world, with a middle class that has grown tenfold to around 583 million and whose income has tripled. The term "urban" refers to an artificial construct that lies between "rural" and "urban," with characteristics more typical of urban regions and greater proximity to major metropolitan centers. There are a number of ways in which rural regions vary from metropolitan ones. In contrast to urban India, rural India has its own distinct literacy rates, family structures, job patterns, social practices and norms, and other characteristics. Examining the Rural-Urban Gap from a Variety of Perspectives Sixty-eight percent of India's population resides in rural areas, although agricultural production accounts for just 16 percent of the country's GDP. Economists and financial experts use this term to describe the trend of uneven urbanization that has emerged in India. Since our country's independence, the government's developmental efforts have been focused on our metro areas, generally disregarding the rural region and widening the divide between the urban and rural populations.

The Leech Effect: As urban areas depleted their supplies, business owners turned to rural India, which still had vast untapped resources. Indian economic development has been erratic and poorly concentrated, but the "Leech factor," or the practice of taking resources from one region and employing them in another, is now seen as a serious impediment. Yet now is the time for city dwellers to make way for the next generation of rural residents. Traders, businessmen, industrialists,

marketing & warehousing organizations, market middlemen, professionals, educational institutions, plantations, etc., are beginning to see the economic possibilities in India's less populated areas. The low cost of operations, less costly labor, infrastructure, cost of living, and so on make Rural India an appealing market, and recent studies show that the real level of non-performing assets (NPAs) in the agricultural area is less than elsewhere.

The rural areas have developed into a sizable market with imminently significant implications. To succeed in the future, businesses will need a reliable product delivery infrastructure that reaches every town and city. The economy is expanding, making this a promising site to set up business. Think about the following positive changes in purchasing habits among consumers to get a sense of why this is the case. The differences between urban and rural India are striking. The level of life is one of the most noticeable distinctions between rural and urban India. The standard of life of urban Indians is higher than that of their rural counterparts. The economic divide between rural & urban areas in India is significant. The rural areas of India are much poorer than the cities.

The level of education is another stark contrast between urban and rural areas of India. Parents in rural India often deny their children an education in favor of sending them to work in the fields. The absence of education in rural India is a major contributor to poverty and inadequate infrastructure. Around 75% of all urban Indian families reside in pucca dwellings. Yet, approximately 25% of the rural population in India really lives in pucca houses. Although most of India's rural population relies on groundwater, urbanites are more likely to use municipal water systems. In contrast to rural areas, practically all of India's cities now have access to electricity. Some rural areas may not even have access to modern conveniences like electricity. As compared to urban areas, rural India's shabby toilets pale in comparison. Ninety percent of homes in rural India lack access to a toilet, although this is not the situation in India's cities.

The majority of India's rural areas have not yet benefited from these advancements. As compared to metropolitan areas, rural India also lacks access to high-quality medical facilities. There is no dispensary in some of the more remote rural locations. Some examples of the significant differences between rural & urban India:

- a) The standard of life of urban Indians is higher than that of their rural counterparts.
- b) As compared to metropolitan areas, rural India is much poorer.
- c) Parents in rural India often deny their children an education in favor of sending them to work in the fields.
- d) Around 75% of urban Indian households are pucca dwellings. Yet, approximately 25% of the rural population in India really lives in pucca houses.
- e) The majority of India's rural areas have not yet benefited from these advancements.
- f) As compared to metropolitan India, the quality of hospitals in rural India is far worse.

Causative Factors of the Rural-Urban Divide

The gap between India's rural and urban populations has always been there, but it's become worse in recent decades. But, in the contemporary era, we have a clearer record of the factors that contributed

to the discrepancies. Disparities may be traced back to three overarching causes: inherent variations, social and cultural contexts, and deliberate government action.

An attempt to find, evaluate, select, and synthesize all high-quality research data and arguments relevant to a research issue is the goal of a systematic review, which is a kind of literature review. A Meta analysis is a kind of systematic review that combines data from several research in a way that is statistically sound. Up until that time, much of the advertising had been focused on the metropolitan areas of the nation. Understanding the country's rural and urban makeup is crucial in light of the expanding marketing potential of rural regions. The nation is expanding, making it an ideal location for the company's future success. This may be better grasped by reading the writings of other experts in the subject who have examined the positive shift between rural and urban areas.

According to Priya Lakshmi and Vandana Bajpai, the goals of rural management are to "organize, develop, and use the available at optimal level to proper utilization and productivity of resources, in such a manner that the entire rural population may benefit from it and increase the production and consumption to increase the Indian economy." The quality of life for rural residents is raised through effective management as well. After gaining independence, the government has prioritized rural residents by launching many programs with that aim. One approach to expanding business possibilities is modernizing rural marketplaces. In the decades leading up to India's independence, rural Indians played a crucial part in the fight for the country's freedom.

Almost 60% of India's population in 2026 would still live in rural regions, thus there is a great deal of untapped potential there, according to a Crisil Study published in August 2012. When the rural parts of relatively impoverished states like Bihar and Uttar Pradesh catch up with the income and consumption pattern in relatively prosperous states, many of these people will have the chance to improve their standard of living. Yet, legislative actions to solve the obstacles encountered by rural India will determine the speed and depth of the rural renaissance. www.crisil.com/privacy.

The rural sector is beginning to exhibit signs of dynamism and change as a consequence of technical advancement, development, and increasing multiculturalism brought about by the opening up of the economy. Marketers may profit from and learn from the shifting preferences of rural consumers. There are several factors contributing to the recent uptick in attention paid to rural markets. Marketers may find a lot of untapped potential in rural areas now, thanks to a variety of development programs. Marketers need to be familiar with the specifics of the rural marketing environment if they are to help maximize the potential of the rural market.

There are 63,856 villages in rural India, and those villages are home to 742,906,338 people. There are 1210.2 million people living in India, according to the 2011 census, with 833.1 million of them living in rural areas (or 68.84% of the overall population). There were 377 million people living in urban areas (or 31.16 percent of the total population of India). The total population grew by 181.4 million between 2001 and 2011, with growth of 90.4 million in the countryside and 91.0 million in cities.

Although China's population of over 1,350,044,605 puts it in the lead, India's population of 1.22 billion puts it in second place. One out of every six individuals on Earth may be found in India, as

the country is home to 17.31% of the global population. While China has held the title of most populous nation for decades, India is expected to overtake it by 2030. Almost 1.53 billion people will call India home by the year 2030, according to projections based on the current pace of population increase. Half of India's current population is under the age of 25, and over 65 percent are younger than 35. Seventy-two percent of the population resides in over 638,000 rural areas, while the remaining 27.8 percent resides in approximately 5,480 metropolitan centers. The birth rate (number of births per 1,000 people per year) is 22.22 (2009 est.), while the mortality rate (number of deaths per 1,000 people per year) is 6.4. The infant mortality rate is 30.15 per 1,000 live births, and the fertility rate is 2.72 children born per woman (NFHS-3, 2008). (2009 estimated). The number of people who are unable to read or write is highest in India. According to the 2001 Indian Census, 74.96% of Indian males and 54.2% of Indian females are literate. The literacy rate of Kerala is the highest at 90.86 percent, followed by Mizoram (88.80 percent) and Lakshadweep (86.66 percent).

Since India's independence, the urban population has grown faster than the rural population for the first time. The percentage of people living in cities and towns is 31.16 percent. The percentage of the people living in cities rose from 27.81% in 2001 to 31.16% in 2011, as measured by the census conducted between 2001 and 2011. However, the percentage of the population living in rural areas fell from 72.19% to 68.84%. For many causes, rural India's population has been steadily declining, and more and more people are moving to the cities in search of work.

The population growth rate as a whole has slowed because of a precipitous drop in the urban growth rate, while the rural growth rate has stayed essentially the same. The rural population increased by 12.18 percent between 2001 and 2011. India's rural population has been shrinking since 1991. The two states that expanded the most from 2001 to 2011 were Meghalaya (27%) and Bihar (24%). Kerala (26% decrease), Go (19% decrease), Nagaland (15%) decrease, and Sikkim (5%) decrease all had decreases in their rural populations between 2001 and 2011.

Several businesses, faced with fierce competition in metropolitan regions, have begun exploring previously untapped locations. Because to the absence of a substantial brand presence across most industries and the huge development potential, rural India has emerged as a solution. Several new businesses may have been able to enter the market because government efforts have led to upgrades in infrastructure. The fact that rural India is protected from the effects of global economic downturns further contributes to the region's allure.

Promoting Prominence in the Rural Belts

The literacy rate of a nation is one of the most influential factors in the organization of its rural markets. In 2011, 74% of the population could read and write thanks to efforts both locally and nationally to improve educational opportunities for everyone. Increasing people's ability to read and write positively affects their brand consciousness and their ability to think critically about marketing messages. There is a clear correlation between one's degree of education, one's standard of living, and one's ability to earn a living.

From 1981 to 2001, rural India had a 23% growth in literacy, which had a profound effect on the country's population's way of life and its acceptance of new technologies from a variety of providers.

The rate of literacy is an important barometer of a society's progress. Consumers with a higher degree of education are more likely to make informed decisions while shopping for goods and services of all kinds. Changes in the economy and society are both heralded by increased educational attainment. The health and education sectors in India are poorly funded, with the government devoting less than 15% of the entire budget to these sectors. But things have changed dramatically over the last decade, and the nation is now reaping the benefits of these efforts in the form of a greater literacy rate. The 2011 census revealed a literacy rate of 74% in the nation. In both rural and urban regions, the rise in the number of literate women has outpaced that of males. In rural regions, the gender gap in literacy fell from 24.6% in 2001 to 19.8% in 2011, whereas in urban areas, it fell from 13.4% in 2001 to 9.8% in 2011. There are 778.5 million people in India who can read and write; this includes 285.4 million people who live in cities. The number of literate people in the world has grown by 217.8 million since the previous census in 2001. The remaining 86.6 million were concentrated in major cities, while 131.1 million lived in rural regions. The rate at which female literacy is increasing is much faster in rural regions.

It rose from 46.13 percent in 2001 to 58.75 percent in 2011. Although the gender difference in literacy has shrunk since the last census, it is still quite large (19.81%). The percentage of literate men and women in metropolitan areas has been rising steadily.

Family Structure and Unit Dwelling

Consumers' purchasing behavior, especially for consumer durables, is heavily influenced by factors such as housing pattern and family structure. There were 26 million more people living in rural areas during the last decade. Meanwhile, the average size of rural families has fallen as more people opt out of living in joint families in favor of nuclear families. The demand for housing and ancillary services, as well as the consumption of durables and other everyday products, will rise sharply as the number of families composed of 75 people rises in both rural and urban locations. It's possible that customers in rural areas won't have as much of a housing crisis to deal with since the population density there is lower than the national average in India.

There are a total of 194 million households, housing 1028 million people, as per the 2001 Census. There are over 138 million rural households compared to 56 million urban ones. There are a total of 193 million "Normal Households," or families without unusual circumstances (excluding Houseless and Institutional Households). There are 132 million households (or 70.8%) in the countryside, and 55 million households (or 29.2%) in the cities. There have been some surprising findings on average family size uncovered by the census as well. Despite the common belief that a family of four to five people is the norm, research has shown that families with six or more members are more common than those with four or five members. Six to eight people lived in 24.9% of all households in the nation, while 22.7% lived in homes with four people and 18.8% lived in families with five people. When compared, the percentage of two-person homes was 9.7 percent, the percentage of one-person households was 3.7 percent, and the percentage of three-person households was 13.7 percent.

Conclusion

The rural economy is always expanding, creating new opportunities for industrialization. The success or failure of a business often hinges on its marketing strategy. There are still a number of obstacles in bringing successful marketing methods to India's outlying regions, in part because the country's population is so diverse.

The government should take the lead in improving rural areas. There is a gap in the current infrastructure in terms of things like transportation, roadways, and storage. Despite the existence of a number of programs designed to help micro, small, and medium-sized enterprises (MSMEs) and small and medium-sized enterprises (SMEs) succeed, these incentives are seldom put into practice. While the government has made a significant step in the shape of the "Make in India" initiative, which gives more chances for the rural people, eventually leading to the elevation of rural economy as well.

By 2025, India's GDP is expected to more than double, making it the fifth biggest consumer market in the world. Although much of this prosperity will be generated in cities, even rural homes will share in the spoils. The average yearly real income of rural families is projected to increase from 2.8% to 3.6% during the next two decades. By 2025, India is projected to become the fifth biggest consumer market in the world, with a middle class that has grown tenfold to around 583 million and whose income has tripled. According to The Nielsen Company, the rural Indian market would grow by a factor of ten in the next 15 years, reaching a value of US\$ 100 billion. The annual value of the rural market for fast moving consumer goods (FMCG) is estimated at about US\$ 9 billion.

An industry group found that the consumer durables market in rural areas was growing at a pace of 30% per year. Due to rising disposable income and rising living standards in rural areas, the market in rural and semi-urban India is expected to expand by up to 45% by 2011. The consumer durables industry is expected to grow from its current \$6.72 billion to \$11.2 billion by 2015. Some of the most important growth drivers include mobile phones, LED TVs, and music systems, which include high-end products like the iPod.

According to a poll by IMRB on behalf of the Internet and Mobile Association of India, the number of rural internet users would increase by 98%, reaching 24 million (IAMAI). More than a hundred farmers in Maharashtra, Karnataka, and Gujarat have shown an interest in using cutting-edge software. As an example of the expanding trend toward making high-end software accessible to the public, farmers in Maharashtra are utilizing an enterprise resource planning (ERP) system called FarmERP to organize their harvest, production, and inventory management. The program was inspired by the Parivartan Network initiative, which established 2,000 Internet kiosks in 60 centers throughout Maharashtra with agricultural material for farmers. In contrast to his urban counterpart, the rural consumer is thrifty and does not see the necessities of existence as a kind of exercise. Useful items are more likely to pique his interest. In general, a rural customer is concerned about the product's quality and needs clear instructions on how to utilize the goods right away. Only if he feels like he received his money's worth will he purchase the item. He should feel that he made a good decision in purchasing his merchandise and that he was not taken advantage of by a slick urban enterprise. Brand loyalty is another area in which city and country customers vary. Despite their high

standards, urban consumers are willing to give anything with a unique selling point a go. A customer in the city is more likely to be open to new ideas and experiences. Rural consumers are different. When a customer in a rural area is persuaded to try a new product and is pleased with the results, he becomes an advocate for the brand and may even try to persuade his neighbors to switch to the product as well.

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