

Study Material

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Subject – Principles of Marketing

Topic – Rural Market in India - Part 1

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Rural Marketing in India

The rural marketing structure is not uniform in all parts of the country. The type of structure prevalent in a particular State or Region depends on various factors like the state of development of agriculture, condition of transport and communication facilities, purchasing power of population, etc.

In the North-Eastern region and far-flung areas of the country where the 'agricultural production and levels of income are low and communication and transport facilities are not available the marketing structure comprises predominantly. Primary markets like hats and shandies which have sprung-up at convenient places to cater to the needs of the local population.

At the other end are areas in North-West like Punjab and Haryana where the agriculture and other facilities are developed. The market structure comprises a larger number of organised markets.

However, rural markets of India can be broadly categorised into three types.

They are:

1. Periodic Markets:

Periodic markets are the important characteristic feature of the rural marketing in India. In spite of urbanisation and development of retail stores, periodic markets are also playing an important role in rural economy as well as in social

life of the rural masses. The periodic marketing function is performed by two institutions, viz., fairs, and weekly markets.

A fair denotes a gathering of people who assemble at regular intervals in certain fixed places—generally around shrines or other religious institutions. Although, by far the largest number of fairs have a religious background, there are some which owe their origin to purely economic considerations.

A general concept regarding fairs is that they are simply an occasion for the recreation of rural folk. These fairs provide an opportunity for rural people for yearly and half-yearly, sometimes bi-annual or once in 12 years like that of Kumbha-Mela, Godavari Pushkarmas, etc.

The purchase and sale of goods, etc. The important fairs draw people not only from surrounding tracts, but also from very distant places. There are about 1700 fairs organised in different parts of the country involving produce and also livestock. There are a few fairs which are attended by a few lakhs of population and there are others which are attended by a few thousands.

On an average, the attendance per fair works out at about 16,000. The periodicity of fair varies from one fair in one state with that of another in other States also from one region to another within the State. The time schedule of a fair may vary between 1 day to 7 days.

The various types of fairs include:

i. On the basis of Primary Purpose:

- (a) Religious fair,
- (b) Commercial fair,
- (c) Commodity fair,
- (d) Cattle fair,
- (e) Exhibition fair, and
- (f) Mixed fair.

ii. On the basis of the periodicity:

- (a) One-day fair,
- (b) Short- duration fair, and
- (c) Long-duration fair.

iii. On the basis of their importance or area of influence:

- (a) Local fair,
- (b) Regional fair,
- (c) Inter-regional fair or national fairs

Now-a-days international fairs are also organised by the Governments. Festivals of India, organised by the Government of India in important cities of several countries like USA, France and Germany, etc., belong to this category. However, with the change in rural economy, the pattern of shopping in fairs has also been changed.

The development of permanent shops in rural areas and easy contact with towns have also changed the shopping practice of the rural people. But the importance of fairs is still the same, due to behavioural pattern of rural people who always wait for the purchase of many items. The State Governments are also helping in popularizing the fairs.

Paintings, hats, shandies, bazaars are different names employed in various parts of the country to designate periodical markets held usually once or twice a week and in some cases even often. They are commonly known as weekly markets.

However, there is slight distinction between these terms.

For example, the term paintings, is used in United Province to denote a periodical market dealing more in agricultural produce than in livestock, whereas in a hat the reverse is the case.

As the goods and services of daily market or permanent shops are not available in remote rural areas, most of the villages are not connected with all-weather roads. Added to this, the state of agriculture is subsistence, peasants have to dispose their meagre surpluses on one hand and have to purchase limited manufactured goods on the other.

Created out of this situation in rural areas are weekly markets, and to purchase their daily consumption goods. A periodic market is a public gathering of buyers and sellers of commodities meeting at an appointed or customary location at regular intervals. Though the time varies between different regions, in most of the cases these meet once in a week.

The number of hats or weekly markets held in various parts of the country are estimated around 22,000. These markets are found in greater numbers (80%) in the eastern and north eastern regions of the country comprising Assam, Bengal, Bihar, United Provinces and Central Province.

Out of the States, Hyderabad State occupies the first position with as many as 1,000 hats. Gwalior, Travancore, Mysore and Bhopal followed with 300,225, and 200 hats respectively.

Most of the weekly markets serve an area within a radius of 8 to 16 kms. In some States like Maharashtra and Tamil Nadu, these markets serve a larger area while in northeastern states these serve a smaller area. Transactions are mostly on cash basis though the barter system is still in practice.

The volume of produce traded, commodities traded, number of villages and the population served by the weekly markets differ considerably from State to State and from market to market within the same State. For example, the number of villages served varies from 27 in the case of markets in Andhra Pradesh to 277 in case of markets in Bihar.

In terms of the population served, the variation is 40,000 in respect of a market in Andhra Pradesh to 1,83,000 in the case of market in Gujarat.

However, the weekly markets at the village level are generally devoid of most of the market facilities. The consumers are subjected so many malpractices indulged in by the traders both in purchasing farms produce from the rural masses and also in selling their required consumer goods to them.

In spite of this, these markets serve as an important marketing institution in rural areas. Most of the agricultural labour who get their wages once in a week visit these markets and purchase their consumption goods.

2. Mobile Traders:

There is another important agency known as mobile traders to fulfill the limited needs like vegetables, fruits, clothes, utensils, cosmetics, spices, toiletries etc. of rural consumers. The practice of mobile trading is not a new one, but even in ancient India this phenomenon was common.

The mobile traders are those merchants who move from one place to another, from one house to another in order to sell those commodities which are often required by rural masses. As it is rightly observed by Stine, important reason for the existence of mobile trader is that when the maximum range is smaller than the threshold requirement of the firm, the firm either ceases to function or else it becomes mobile.

Even in those villages where there are permanent shops and weekly markets, there is a phase for mobile traders because of behavioural pattern of rural masses. Mobile traders move from one village to another on foot or bicycle or buses, bullock carts, etc. They visit the villages once or twice in a week. Sometimes, they visit those villages which are on the way of weekly markets in return direction after attending these weekly markets.

While moving from one house to another within the village they loudly announce the name of the commodity which they sell such as chadar, (bed sheet), pandlu (fruits), gajulu (Bangles), palu, perugu (milk and curd), etc. There will be too such haggling in price fixation. The payment is made either in cash or in kind in the form of foodgrains. Sometimes these traders extend credit upto periods harvests.

Mobile traders move in groups or 3 to 5 persons carrying different types or similar types of articles. They move only in those parts of the village, they have decided at the time of the entry. Female mobile traders are also found significantly dealing in cosmetics, utensils, toiletries, plastic goods, spices, etc. During harvesting season, the frequency of visits by mobile traders is more. Most of these traders belong to certain castes like Poosala in Andhra Pradesh. These mobile traders are an integral part of the rural marketing system.

3. Permanent Retail Shops:

Permanent retail shops are developed as the population of villages increased, their incomes improved, the demand for goods and that too on daily basis increased. The traditional fairs, weekly markets or peddlers were not able to meet the situation and this led to the emergence and growth of permanent shops. Permanent shops were set up as a result of the demand of the rural inhabitants primarily of the same village. The number of shops, their various forms largely

depends upon the size of the population of the village, their incomes, purchasing power, their preferences, etc.

In the Indian context, the most sophisticated types of retail outlets comparable to that of western countries are found in metropolitan cities, while in rural areas (with population less than 10,000), only the traditional independent general stores or small-scale retailing are prevailing.

In rural areas, only traditional methods of distribution, i.e., wholesaler and retailers are working as usual. The modern methods of distribution, such as chain stores, super markets and franchise shops are not existing in rural areas because of small size of villages and lower income of rural folk.
