



# RURAL MARKETING INFRASTRUCTURE IN INDIA

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## Abstract

Infrastructure is the backbone of the country. It plays a very important role in supporting a nation's economic growth. About 890 millions of rural people, India has the largest rural population in the world and continues to develop in urbanisation and industrialization, about 65.00 per cent of Indians residing in 6,49,481 villages and 54.6 per cent of the total workforce is engaged in agriculture and related activities. The Rural Marketing Association of India (RMAI) found that about 60.00 per cent of India's income has come from rural, small-town, and semi-urban economies. The rural areas account for about 50.00 per cent of India's Gross Domestic Product (GDP) and are home to nearly 70.00 per cent of the country's population. Agriculture contributes to 17.00 per cent of India's Gross Value Added (GVA) and its allied sectors. The new operational guidelines for the sub-scheme of Integrated Agricultural Marketing Infrastructure of 2018-20 focussed on developing marketing infrastructure to properly handle and manage various kinds of farm and forest produce, provide innovative technologies

for post-harvest infrastructure, and develop alternative and competitive marketing channel for agricultural produce. In case of non-agricultural or artisanal products, the government has facilitated marketing support by encouraging participation in craft fairs and melas.

Efficient marketing infrastructure such as wholesale, retail and assembly markets and storage facilities is essential for cost-effective marketing, to minimize post-harvest losses and to reduce health risks. Market infrastructure is required at all stages of the supply chain, from local retail and assembly markets through to wholesale and retail markets in major urban centres. Governments and local authorities generally have a poor appreciation of the importance of markets and a reluctance to invest in them. As a consequence markets are often congested, unhygienic and inefficient. They are also fire risks. Local authorities frequently see markets as revenue raising opportunities, not as institutions that necessitate investment. Although there have been significant developments with regard to supermarket development and the improvement of farm-to-agro processor linkages, the great bulk of food products are still distributed through more traditional channels using traditional market infrastructure. Infrastructure is required to ensure free flow of the farm produce and its efficient marketing. Since the technologies on the production front has changed the supply scenario, adequate infrastructure is needed to handle the huge quantity of farm produce and make the same available to all the consumers both inside and outside the country in a acceptable form. Infrastructure creation is gigantic task, requiring huge capital investment to cop up; with the demand of; the distributive system.



## I. Basic Concepts of Rural Marketing Infrastructure

### Rural

Government agencies from IRDA & NCAER define Rural as a village with a population of less than 5,000 with 75% of the male population engaged in agriculture etc.

\* IRDA - Indian Rural Development Agency

\* NCAER - National Council of Applied Economic Research

### Market

Market means not a particular market place in which things are bought and sold but the whole of any region in which buyers and sellers are in such a free intercourse with one another that the prices of the same goods tend to equality, easily and quickly.

### Marketing

Marketing as a process by which goods and services are exchanged and their value is determined in terms of money prices.

### Rural Marketing

Rural marketing is defined as the process of developing, pricing, promoting, distributing ruralspecific goods and services leading to exchange between urban and rural markets, which satisfies consumer demand and also achieves organizational objectives (Iyer, 2012).

### Rural Agricultural Marketing

The rural agricultural marketing is the process of selling and buying of agricultural goods which are produce in the rural area itself. Usually the rural agricultural marketing do not have proper marketing strategies or systems. It is random and not organized; the pricing also generally differs from one village to the other. Various agricultural products are available but not in a very large quantity. The rural agriculture market usually runs freely without the interference of the others

that is from government and administration (Source: Pertin *et al*, 2022).

### Rural Marketing Infrastructure

Enhancing the facility of selling the products produced in rural areas into urban or other markets. To fulfill the requirement of rural product movement from producers to consumers. An efficient marketing system requires huge investment in physical and digital infrastructure and engagement with urban markets, logistically and electronically.

To classify the marketing infrastructure is on the basis of capital requirements.

**(a) Capital Intensive Marketing Infrastructure:** Most of the physical infrastructure viz., roads, storage structures and processing plants require large initial capital investment and are included under capital intensive marketing infrastructure.

**(b) Capital Extensive Marketing Infrastructure:** The institutional infrastructure falls in this category. They require limited initial capital investment but their operational and maintenance cost is quite substantial. The difference between capital intensive and capital extensive marketing infrastructure is of degree rather than of kind.

## II. Evolution of rural marketing

Ph	Origin	Function	Major Products	Source Market	Destination Market
I	Before Mid-1960	Agricultural Marketing	Agricultural Produce	Rural	Urban
II	Mid-Sixties	Marketing Of Agricultural Inputs	Agricultural Inputs	Urban	Rural
III	Mid-Nineties	Rural Marketing	Consumables And Durables For Consumption & Production	Urban & Rural	Rural
IV	21st century	Developmental marketing	All products & services	Urban & Rural	Urban & Rural



### 1. Phase I (From Independence to Green Revolution)

Before the advent of the green revolution, the nature of rural market was altogether different. Rural marketing then referred to the marketing of rural products in rural & urban products.

### 2. Phase II (Green Revolution to Pre-liberalization period)

During these times, due to the advent & spread of the Green Revolution, rural marketing represented marketing of agriculture inputs in rural markets & marketing of rural produce in urban areas.

### 3. Phase III (Post-liberalization period on 20th century)

The third phase of rural marketing started after the liberalization of the Indian economy. In this period, rural marketing represented the emerging, distinct activity of attracting & serving rural markets to fulfill the need & wants of rural households, peoples & their occupations.

### 4. Phase IV (21st century): Developmental Marketing

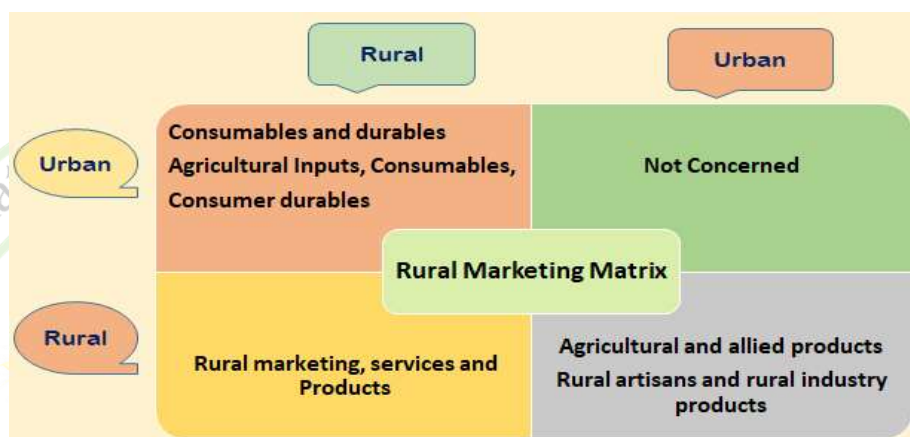
Learning from its rural marketing experiences after the independence, the corporate world has finally realized the quick-fix solutions & piecemeal approaches will deliver only limited results in the rural markets. And, if an organization wants to tap the real potential of the rural market, it needs to make a long-term commitment with this market. Its approach & strategies must not focus in just selling products &

services, but they should also aim at creating an environment for this to happen.

### III. Rural Marketing Matrix

It is a two-way marketing process wherein the transactions can be:

1. **Urban to Rural:** A major part of rural marketing falls into this category. It



involves the selling of products and services by urban marketers in rural areas. These include: Pesticides, FMCG Products, Consumer durables, etc.

2. **Rural to Urban:** Transactions in this category basically fall under agricultural marketing where a rural producer seeks to sell his produce in an urban market. An agent or a middleman plays a crucial role in the marketing process. The following are some of the important items sold from the rural to urban areas: seeds, fruits and vegetables, milk and related products, forest produce, spices, etc.

3. **Rural to Rural:** This includes the activities that take place between two villages in close proximity to each other. The transactions relate to the areas of expertise the particular village has. These include selling of agricultural tools, cattle, carts and others to another village in its proximity.





## **V. Problems in rural marketing**

### **1. Transportation**

Transportation is an important aspect in the process of movement of products from urban production centers to remote villages. The transportation infrastructure is extremely poor in rural India. Due to this reason, most of the villages are not accessible to the marketing man.

### **2. Communication**

Marketing communication in rural markets suffers from a variety of constraints. The literacy rate among the rural consumers is very low. Print media, therefore, have limited scope in the rural context. Apart from low levels of literacy, the tradition-bound nature of rural people, their cultural barriers and their overall economic backwardness add to the difficulties of the communication task. Post, telegraph, and telephones are the main components of the communication infrastructure.

### **3. Warehousing**

The central warehousing corporation and state warehousing, which constitute the top tier in public warehousing in our country, have not extended their network of warehouses to the rural parts. It is almost impossible to distribute effectively in the interior outlets in the absence of adequate storage facilities. Due to lack of adequate and scientific storage facilities in rural areas, stocks are being maintained in towns.

### **4. Inadequate banking and credit facilities**

In rural markets, distribution is also handicapped due to lack of adequate banking and credit facilities. The rural outlets require banking support to enable remittances, to get replenishment of stocks, to facilitate credit transactions in general, and to obtain credit support from the bank.

## **VI. Importance of Marketing Infrastructure**

The role of adequate infrastructure for accelerated growth of the agricultural sector and in turn of the entire economy has assumed great importance in recent years due to several developments viz.,

(i) Growth of agricultural production depends almost entirely on the growth of productivity of land and availability of modern technologies. Infrastructure development is necessary for transfer of technologies, supply of modern inputs and facilities for market clearance.

(ii) The creation of adequate infrastructural facilities in a liberalized and market driven economic environment is necessary particularly in rural area for minimizing economic disparities between rural and urban areas.

(iii) Creation of infrastructure in rural areas is justified for reducing the migration of people from rural to urban centers and

(iv) Development of infrastructural facilities is also necessary to reduce the marketing costs for increasing the realization of farmers.

### **VII. Conclusion**

Developing countries like India has facing the challenges and problems of fulfilling the rural infrastructure facilities, in general physical and digital infrastructure of both agriculture and non-agriculture sectors. Rural producers have faced major constraints in accessing, understanding and engaging with urban markets which have diverse consumer groups. Government policies and programmes that encourage the development and accessibility of basic rural infrastructure include marketing facilities which could contribute to our national income and create global market for our products.