

Marketing of Financial Services in Rural Areas

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ABSTRACT

In India, when we talk about rural finance, the stereotype offered is that of a banking system that fails to reach out to the poorer clients and, when it does, fails to recover the money so disbursed.

This dissertation paper is designed to discuss the issue related in entering the rural markets and the strategies to be followed and implemented to succeed in a long-term perspective. Including the P's of marketing along with the C's of services, this dissertation paper would strongly focus on the rural marketing strategies and the consumer behavior aspect of the rural segments. There is a great potential in the rural markets beyond agriculture. The emerging sectors are identified as construction, non-farm enterprise, handloom, clusters that involve garment making and quarrying, etc. There are a lot of points emerging for discussion like- State interventions, micro finance, huge market for banking and insurance services, implementation of information and technology, risk management issues, role of state, interest rates and etc.

INTRODUCTION

The rural market is undergoing a transformation and is luring multinational companies to market their products in this segment. For any marketer, the key to success in this market is to understand the psyche of the rural consumers, which is completely different from that of their urban counterparts. Marketers can reap the benefits of an untapped rural market- increased consumption of durables and non-durables, increased income level, low competition, increased literacy levels, and increased brand awareness. In the mean time they must overcome the challenges like the lack of proper storage facilities, transport and communication infrastructure, proper distribution channels and uneven distribution of purchasing power.

LITERATURE REVIEW

A growth process which reduces inequality is important in many ways. Empirical evidence suggests that inequality in income and assets has an adverse effect on a wide range of different kinds of socio-economic deprivation (Wilkinson and Pickett, 2007). Inequality is also associated with unequal opportunities, further leading to wasted productive potential and the inefficient allocation of resources, while also inhibiting sound institutional development (World Bank, 2005). Financial inclusion drive has been carried out considerably in almost all the countries especially in developing and under developed countries to erase inequality income and to alleviate poverty by providing access to formal financial sectors and financial services.

OBJECTIVES

There are various reasons why every industry is taking a very serious look at rural markets:

- ☐ About 285 million live in urban India whereas 742 million reside in rural areas, constituting 72% of India's population resides in its 6, 00,000 villages.
- ☐ The number of middle income and high income households in rural India is expected to grow from 80 million to 111 million by 2007 while urban India is expected to grow from 46 million to 59 million.
- ☐ Size of rural market is estimated to be 42 million households and rural market has been growing at five times the pace of the urban market.
- ☐ More government rural development initiatives.
- ☐ Increasing agricultural productivity leading to growth of rural disposable income.
- ☐ Lowering of difference between taste of urban and rural customers.

RESEARCH METHODOLOGY

To evaluate the objective of the study Chandepura village was selected. 80 people from the village were selected at random. Primary and secondary data was collected with pretested interview schedules. Percentage analysis was used to study the socio-economic character like age, education and rural income of households.

- ☐ **Research Design:**

Exploratory cum Descriptive study have been adopted.

☐ **Sampling:**

Simple Random Sampling has been adopted.

☐ **Sample size:**

Chandepura: 80

☐ **Sample unit:**

Rural Consumers.

Data Collection Method:

☐ Structured questionnaire was designed for collecting data.

☐ **Personal interview is conducted for collecting information.**

CONCLUSION

The road ahead is definitely strewn with challenges. Scaling up of projects and bringing in millions of people within the fold of microfinance is no mean task. The most convincing feature of this form of financing is the near-perfect repayment rates. The biggest challenge faced by these units is the development of investment potential and improvement of skill levels of the borrowers. A glut of low skilled services is an unwelcome substitute for scarcity of credit. As micro credit alleviates the credit availability problem, the need for micro-consulting, business planning and services like marketing, are being felt with greater acuteness. Micro credit cannot be expected to be a panacea to rural developmental problems. In some sense, its role is similar to that of credit in the general economy. It is a string that can hold back progress, but it is almost impossible to push on a string. There is a very real need of investments that yield higher returns than the sustainable microcredit interest rates for the microcredit initiative to be truly successful.

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