

COLLABORATIONS WITH SHG'S-A KEY TO FORAY INTO RURAL MARKET: AN ECONOMIC ANALYSIS

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Abstract:

Indian economy is on the cusp of momentous changes. India's gross domestic product (GDP) is growing at a faster rate comparable to other countries GDP growth rate. India became a \$2 trillion economy in 2015. According to International Monetary Fund (IMF) estimates of 2015-16 GDP growth percentage, India is ahead amongst BRICS countries with 7.6%, where as china is at the 2nd place with only 6.9% losing its glitter after nearly three decades of rapid expansion, South Africa with 1.5%, Brazil with -3%, Russia with -3.7%. Indian economy is more vibrant, income levels are raising, standard of living is improving, habits, preferences and attitudes of the people are changing rapidly. Nowhere is this more evident than in Rural India.

Key Words: Economy, Rural India, Gross Domestic Product, International Monetary Fund.

What is Rural?

National Sample Survey Organisation (NSSO) defines rural as "any habitations with clear surveyed boundaries, where the density of population is not more than 400 per square kilometre, with at least 75% of the male working population engaged in agricultural and allied activities and where there exists no municipality or board". The regulations of IRDA (Insurance Regulatory Development Authority) has defined rural as "A place in which, as per the latest census, the population is less than 5000, the density of population is less than 400 per square kilometre and more than 75% of the male working population is engaged in agricultural pursuits. (Agricultural pursuits are defined as cultivation, agricultural labour and work in livestock, forestry, fishing, hunting, plantation, orchards and allied activities)". FMCG sector identifies rural as a place with population less than or equal to 20,000.

The above definitions define rural on the basis of population. As per Census of India, 2011, there are 6,40,867 villages in the country. Out of 1210.2 million population in India, villages accommodates 833.1 million people which is 68.84% of the total population. During 2001-2011, the rural population increased by 90.4 million and the number of villages increased by 2,279¹. These villages are not uniform in size; instead some villages in India have fewer than 50 residents and some have more than 10,000. As much as 62% of the villages have less than 1,000 people each and only around 3% of the villages have more than 5,000 people each. According to McKinsey report, 15% of rural population lives in about 20,000 large villages which could be more aptly called as "non-urban" centres, each with a population greater than 5,000 people. Over 63% lives in villages of 1,000 to 5,000 people in size. The remaining 22% of the total population lives in villages with fewer than 1,000 people.

"Rural economy has rapidly changed in the last two decades and it is now being led by manufacturing sector unlike predominance of agriculture. Indeed agriculture accounts for only 1/4th of rural GDP, compared to half a decade ago. Nearly 75% of the new factories built in the last decade were in rural areas and rural factories account for 70% of all new manufacturing jobs".²

¹Population Census report, 2011.

²"Rural India no longer an agrarian economy: a study", The Economic Times, April 2012, Page 5.

In 2015, Rural India accounts for about 48% of India's GDP and comprises of almost 69% of the total population. "Since 2000, per capita Gross Domestic Product has grown faster in India's rural areas than in its urban centres. Rural India recorded the compounded annual growth rate of 6.2%, compared to only 4.7% of urban economy".³"Rural economy contributes 48% of national income, 56% of the total expenditure and almost 1/3rd of total savings. Between 2009-2012, rural consumption per person grew at 19.2% per annum, two percentage points higher than its urban counterparts. In incremental terms, spending in rural India during these two years was US\$69 billion significantly higher than the US\$55 billion spent by urban populations".⁴As Income rise, rural consumption shifts from necessities to discretionary goods and lifestyle products, including mobile phones, televisions and two wheelers. Nearly 42% of the rural household owns a television in 2009-10, up from 26% during 2004-05. Similarly 14% of rural households owned a two wheeler in 2009-10, which has almost doubled compared to 2004-05. About one in every two rural households has a mobile phone today, even in India's poorest states such as Bihar and Orissa.⁵

Adoption of liberalization and globalisation policies by Indian Economy in the beginning of 1990's led to the arrival of many well known multinational companies. In the initial years, these companies aimed at only urban market, which is easily accessible and well developed, unlike highly scattered population and lack of basic sales and distribution infrastructure of rural India. Most of these corporate were under the assumption that rural people are poor and had no purchasing power to buy branded products. Most of these multinational companies and market experts were describing rural market of India as 'Tomorrow's market' or 'future power house' and paid less attention initially. Soon the stiff competition and market saturation of urban market, forced these companies to look for some better marketing options and opportunities, as further tapping of urban market, with higher profit margin was difficult. Further, competition in urban market was too tough, that firms started incurring heavy promotional costs. Added to this, awareness of urban consumers is high and product features have to be changed very often, which resulted in high investments thereby having negative impact on profitability. This trend was further supplemented by lot of other factors, such as:

- (i) To counter or to match the competitor's business and marketing strategies.
- (ii) Gaining access to cheaper labour market was an important advantage that companies wanted to tap. Rural population, especially, the rural youth, were ready to be trained and were ready to adjust and learn and proved to be more hard working and experimental than their urban counterparts.
- (iii) Many companies were venturing out with other conglomeration of business. Initially, concentrating on durable goods, were now switching over to more FMCG goods. For example: ITC company, initially known for its tobacco related products, was entering into more FMCG products like biscuits, hotels, wheat flour, shampoo, snacks etc., and sourcing raw material in a cost effective manner, by mitigating intermediaries was possible only with their presence in rural market. ITC did it through its initiative called ITC e-choupal.
- (iv) Fulfilling social equity or corporate commitment to promote inclusive growth and all round development. Companies act of 2013, mandates companies to spend 2% of their net profit on CSR activities (Profit after tax=PAT). Rural India is described as best destination for contemplating CSR initiatives.
- (v) To enjoy government incentives or benefits such as tax exemption or industrial approval etc., for example: Industrial policy of 1991, gave an exemption from industrial approval from the

³ "Rural spending in India outpaces Urban consumption", Knowledge@Wharton, September 2012.

⁴"Sustaining the rural consumption boom" – CRISIL, Researchinsight, August 2012.

⁵Report of National Sample Survey Organisation, Published in 2011.

central government for setting up of a firm, in a location not falling within 25 k.m of city radius, having population of more than one million.

(vi) Tapping new consumer market was inevitable for market expansion and revenue maximisation.

On the basis of simple equation of per capita sales {total annual sales/total market population}, rural markets, which are more populous and are still untapped appeared more attractive and promising. As per the Population Census of India 2011, the population of India stands at 121.02 crores, out of which almost 69% of the total population lives in villages, which is 83,34,63,448 crores (where as urban India comprises of only 31% of the population, which is 37,71,06,125 crores). This huge rural population, which is yet to taste the fruits of modernity, fuelled by robust growth registered after 1990's, appeared more greener than urban market. Adding to this, the improvements in agricultural productivity, application of science and technology in agriculture, using of high yield varieties of seeds, fertilizers, periodical increase in minimum support price by the government, various government funded rural development programmes, initiatives taken up by many NGO's and individuals, have contributed to the overall growth of the rural economy subsequently. Other allied activities such as dairying, poultry, horticulture, fisheries etc., have gained momentum and supplemented the rural income, has made the rural economy, more attractive and revenue generating resulting in high market expansion through a surge in sales and inturn sales revenue.

Improving infrastructural facilities and growing number of consumers, who are earning more and buying discretionary goods and lifestyle products are snapping up products and services which meets or supports their aspirations. These positive developments led many companies to take interest in rural markets and extend their penetration and reach, to rural markets. Rural markets constitute a blue ocean with relatively few companies competing.

"The size of the prize in India's rural hinterland is growing bigger than many businesses initially thought. More companies are expanding their business operations in India's rural market than at any other time in history.

As rural market opportunity becomes more attractive, many companies are trying out with different marketing strategies and stepping up efforts to gain a strong foothold in these markets. The key challenge that these companies are facing is to establish effective sales and distribution networks in rural areas. A more focussed approach is essential to overcome this challenge. In view of this, Collaborations will play a central role".⁶

Collaborations with local communities appears to be the panacea for the sales and distribution challenges, that prevails in rural India. Many corporates, who have ignored the rural market initially, now understand the blunder they have committed and want to rectify their mistake. Now operating in rural is not an option, if any corporate does so, they will be keeping themselves away from 70% of the marketability. Many companies who are active in rural market form a long time are further intensifying their efforts and are also enjoying the fruits of being an early operator. To quote few instances, Hero Moto Corp Limited, has created a rural vertical, customized its local communication and increased its sales and service touch points in rural area. Hero Moto Corp Limited added authorized representative dealers (ARDs) to its existing hub-and-spoke network. ARDs are appointed by the dealers. Well versed with local dialect, ARDs also know the financial profile of the target customers. Possession of such exhaustive information helps the ARDs to create awareness about company's products, objectives etc., The new layer has increased Hero's reach to 20% of the India's more than six lakh villages with more than 5,000 touch points. Currently, the company draws 60% of its total sales from rural market. In

⁶ Sanjay Dawar (2012), Managing director, Management Consulting India. "Master of Rural Markets: Profitably Selling to India's Rural Consumers", Page 1, foreword.

FMCG category, half of the revenue of Hindustan Uniliver and Colgate now comes from the rural market. Dabur, which is India's fourth largest fast moving consumer goods enterprise, derives 47% of total sales from rural market. Dabur offerings are very popular in rural markets. TVS, manufacturer of two wheelers derive 50% of their sales from rural market.⁷

Those companies who have developed comprehensive and multi dimensional picture of the rural market through deeper probing have generated profits or at least achieved break even as early as possible. They generally adopt variable cost model, which gives them the flexibility to operate and change the course of their action, if the attempt is not yielding the desired result. Although many companies are unsure about how to foray into rural market and how to overcome sales and distribution related problems, they still remain optimistic about the opportunity. To translate that optimism into success, companies needs to join the locally present organisation and to tap the existing rural value chain as this proclaims variable cost model. Collaborations with local channel partners, requires less investment and ideal for seeding the product in rural market. As social fabric plays an important role in influencing the consumption pattern of a villager, selecting a right influencer is very important. This ensures deepest reach possible and creates a stronger foundation in a word of mouth sensitive rural setting. This collaboration ensures not only creating awareness about the product but also finds ways in explaining the functionalities of the goods and services and how it meets the unique needs of the rural population.

"Rural India is a powerhouse and presents an incredible opportunity of potentially adding \$1.8 trillion to the Indian Economy which is equal to the current GDP of the country. By 2025, the Indian rural market is expected to grow more than ten-fold to become a \$100 billion opportunity for retail spending. Of course, there are challenges in agriculture, rural employment and employability and human development to be handled. The significant point is, there is an incredible opportunity in the Indian rural market. For succeeding in the rural market we need a good go-to-market strategy".⁸

The returns and rewards for operating in India's rural hinterland is growing much faster than ever before. As rural market opportunities are becoming more attractive, companies are experimenting with various go-to-market models. Even some companies are making additional moves from 'Traditional Selling approaches' to non-Traditional partnership with competitors. Some opted to expand and to extend their existing urban marketing strategies to rural, some are collaborating with local organisations and communities to establish mutually beneficial relationship to capture the rural market. Some are leveraging e-commerce and alternative channel partners. This has enabled them to enjoy the economies of scale by increased sales and profitability.

Building trust with local communities is the key driver of success in rural market. Which can be achieved through, ensuring product or service quality, reliability and frugal innovation, instilling confidence that their business is a channel for widely shared good and not interested only in corporate profits. Creating brand relevance and loyalty in rural customer minds and developing after sales network at competitive cost is crucial for survival. Innovative loyalty programmes such as experimental marketing, value addition programme for channel partners, establishing symbiotic relationship spells success in rural market. Investment in community development programmes such as providing an income generating alternative livelihood option and aligning companies long term goals with the development of local communities, wins the trust and loyalty. This move helps in long term sustainability.

⁷ The Black and White Marketing White Book, 2013-14, page 25.

⁸ Harish Manwani, chairman, HUL and COO Unilever, at the 79th annual meeting of HUL, reported in The Hindu on 23rd July 2012.

Rural Economy's Potentiality

What made the rural market so attractive and precious to the corporate in recent years? Obviously, many factors have contributed to the increased attractiveness of the rural market. To mention few:

As per 2011 census, 69% of the India's population lives in villages. Which is 83,34,63,448 crore (where as urban comprises of only 37,71,06,125 crore). Hence operating and not-competing in rural market is not an option but it is absolutely inevitable. Rural market presence will help companies not only to achieve their present sales, but also to ensure their future growth as larger the size of rural population will fetch them bigger market in the long run. Rural India presents opportunities that companies are seeking to become high performance businesses⁹.

The size of rural market itself speaks its potential. India as a nation has come a long way from the place, where urban population constituting only 20% of the population is responsible for 80% of the sales and profits of the corporate. The decline in the growth rates in urban market has forced corporate to look for huge, untouched and untapped rural market. In a certain select categories such as tooth paste, toilet soap, washing products, shampoo, tea etc., 'Market Saturation' is seen in urban market, allowing a very small window for volume growth. In such case rural market appears as the next big frontier. Nielsen estimates that the fast moving consumer goods market in rural India will hit US\$ 100 billion by 2025, up from US\$12 billion currently.¹⁰

A survey by India's premier economic research entity NCAER – National Council for Applied Economic Research indicates the rise in rural income is keeping pace with the rise in urban incomes. The rural middle class is growing at 12%, which is close to the urban middle class, which is growing at 13%. The aggregate purchasing power of middle income group in rural areas is as large as urban. Infact 41% of the country's middle class are in rural India. In two years between 2009-10 and 2011-12, spending on goods and services by rural India was at 3.75 lakh cores, was much higher than the urban spending which was 2.99 lakh crore. The growth rate was 19% for rural India in those two years and it was 17% for urban India¹¹.

As stated in the National Sample Survey Organisation (NSSO) report, 2013, "More than 35% of households in rural India are now engaged in non-agricultural activities and these households are higher spenders than those households, who are still dependent on agricultural activities. While 'agriculture' is still the largest single activity and accounts for a significant share of rural employment, services and industry together account for 34% of the value added".

Many government initiatives such as Sarva Shikshana Abhiyana, Adult Literacy campaign, Rashtriya Madhyamika Shiksha Abhiyan, Right to education, National Literacy Mission, Saakshar Bharat has increased the literacy rate in rural economy and infusion of technology, innovation and communication devices are letting the rural consumer getting more exposed to the products or services evolving regularly into the market. According to the Registrar General of India – "The gap between the literacy rate in urban and rural areas is steadily declining in every census. In Population Census of India 2011, the gap stood at 16.3 points. As per latest statistics, the literacy rate among urban population is 84.1 per cent, while it is 68.53 for rural population".

⁹Population Census of India, 2011.

¹⁰"Rural Spending in India Outpaces Urban Consumption", Knowledge @ Wharton, September 2012.

¹¹Report published by NCAER, New Delhi, 2013.

The following table indicates the decadal growth in rural literacy rate¹².

Table 1.1

Year	Male	Female	Overall
2001	70.70	46.13	58.41
2011	78.31	58.75	68.53
% change	+ 7.87	+ 12.63	+10.25

(Values in percentage)

The pace of female literacy rate in rural is perceptibly higher. The gender gap in literacy rate has come down from 24.57% in 2001 to 19.56% in 2011. A literate women plays a greater role in the development of the family and the society. It is observed that literacy level and quality of life is positively correlated. As the literacy level amongst people increases, people become more health, quality conscious. Hence, the demand for more qualitative, health oriented and beauty oriented products and services increases in due course of time.

Brand equity, Brand loyalty, which were the hallmarks of only urban consumers are no more patents of urban consumers. Slowly rural consumers are appreciating the relevance of brands and their importance in meeting their wants and needs. Brand stickiness is observed even in rural consumers buying psychology. It is quite evident that in many products, rural consumption now accounts for a larger share than urban. According to study by the National Council for Applied Economic Research (NCAER), in products like soaps, talcum powder, cooking oil, tea, cigarettes and hair oil, rural market size is larger than the urban. Rural India is accounting more than 65% of colour television sales too. About 70% of the 10% annual growth expected in the business is projected to come from the semi-urban and rural markets.

It is observed in the McKinsey report of 2013, “the aggregate rural consumption stood at Rs. 16,701 billion in 2015 and it is projected to increase to Rs. 26,383 billion in 2025. The per household consumption figure was Rs.1,04,000 and expected to grow to Rs. 1,58,000 for 2025”¹³.

A study named “We are like that only”, conducted by Prof. Rama Bijapurkar (2007), states rapid expansion in the penetration of few consumer products in rural India. The percentage of rural households owning a refrigerator was 3.2 during 2000, has increased to 4.2 during 2005. While 1% increase registered in the use of refrigerator mayn’t appear to be much. But the fact is rural India comprises of 140 million households, this accounts for 1.4 million refrigerators, which is definitely a magnanimous growth. The rural Colour television penetration has increased by 7.4 million, within a span of five years, which is almost the size of Sweden’s Population or half of the size of Australia’s population. The increase in shampoo consumption has indeed been massive from 13.3% to 32%¹⁴.

With the advent and introduction of technology and innovation, media-dark environment is turning into media brighter environment. As per the recent report of TRAI (Telecom Regulatory Authority of India), released on 12th March 2015, India’s tele density was 78.16 %, Urban tele density was 148.54, where as rural tele density was 47%. There are 575.05 million telephone subscribers in Urban and Rural telephone subscribers are 404.16 million. But Net addition in January 2015 was 2.76 million (monthly growth rate 0.48%) for Urban, but net addition in January 2015 was 5.48 million

¹² Report, Population Census of India 2011.

¹³ McKinsey report 2013.

¹⁴ Prof. Rama Bijapurkar, “We are like that only”, published by Penguin books India, New Delhi, 2007, Pp-62.

(monthly growth rate 1.4%) for Rural. The share of urban subscribers and rural subscribers at the end of January 2015 were 58.73% and 41.27% respectively.

Several government schemes such as IRDP (Integrated Rural Development Programme), TRYSEM (Training the Rural Youth for Self-Employment), JRY (Jawahar Rojgar Yojana), SJRY (Swarna Jayanti Rozgar Yojana), DPAP (Drought Prone Area Programme), MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Programme) etc., have brought about tremendous change in the life styles of the villagers. Thousand of crores of money has been allotted to improve the rural lives. In 2016-17 financial budget presented by the union finance minister, 38,500 crore rupees has been earmarked for MGNREGA programme, which aims at providing minimum 100 days of manual work a year, in villages, within a radius of 5 km from the place of dwelling. 79,526 crore rupees has been allotted for rural development. 19,037 crore rupees has been allotted for National Rural health Mission and 19,000 crore rupees allotted for Pradhan Mantri Gram Sadak Yojana, providing all season usable road connectivity. These infrastructure development projects of this kind will have two fold impact on rural incomes. In the short or medium term, it creates a large number of jobs for unskilled labour, which in turn increases their purchasing capacity. In the long run, it stimulates the entire local economy, which in turn provides more permanent alternate jobs and sources of income outside agriculture.

Implementing Visionary programmes like PURA¹⁵ act as a catalyst of growth. Despite several developmental and welfare schemes, there exists a wide disparity between urban and rural areas. Lack of livelihood opportunities, dearth of quality services and amenities has resulted in mass exodus or migration of rural people to urban areas. To address the problem of social and economic infrastructure between urban and rural areas, then the President of India Dr. APJ Abdul Kalam, highlighted a vision of transformation of rural India by launching PURA(Provision of Urban Amenities to Rural Areas). PURA proposes that urban infrastructure and services be provided in rural hubs to create economic opportunities outside of cities. He visualised providing four elements of connectivity: physical connectivity, electronic connectivity, knowledge connectivity leading to economic connectivity of rural areas and where there would be a lesser urban-rural divide. Physical connectivity by providing roads, electronic connectivity by providing communication network and knowledge connectivity by establishing professional and Technical institutions will have to be done in an integrated way so that economic connectivity will emanate.

Launching of programmes like SAANJHI(Sansad Aadarsh Gram Yojana) by central government, which aims at providing villagers with quality access to basic amenities and opportunities to enable them to shape their own destiny. This scheme is unique and transformative and has a holistic approach towards rural development. It envisages integrated development of selected villages across multiple areas such as agriculture, health, education, sanitation, environment, livelihood etc., far beyond mere infrastructure development. Instilling and nurturing values of national pride, patriotism, community spirit, gender equality, dignity of women, social justice, cleanliness, eco-friendliness, mutual co-operation, self-reliance etc., in the villages and their people, so that they get transformed into models for others. The goal is to develop three Adarsh Grams (Model Village) by March 2019, of which one would be achieved by 2016, thereafter, five such Adarsh Grams (one per year) to be selected and developed by 2024. These types of visionary village development plans not only helps in mobilising necessary resources, but play a vital role in enabling every poor household to come out of poverty¹⁶.

¹⁵Excerpts from Wikipedia. (https://en.wikipedia.org/wiki/Providing_Urban_Amenities_to_Rural_Areas), referred on 25 May 2016.

¹⁶Excerpts from Wikipedia. (https://en.wikipedia.org/wiki/Sansad_Adarsh_Gram_Yojana), referred on 18 June 2016.

Nielsen estimates that the fast moving consumer goods market in rural India will hit US \$100 billion by 2025, up from US \$ 12 billion currently.¹⁷ Moreover, the government's efforts to improve the efficiency of welfare programs with cash transfers will further boost rural consumption; it plans to deposit US \$570 billion in the accounts of 100 million poor families by 2014.¹⁸

Need for the Study:

The future of rural India is brighter. It offers plethora of opportunities that need to be harnessed. The immense potential of rural area has remained ignored and untapped for a long time. Fostered by liberalisation, agricultural revolution, advancement in technology, education etc., rural GDP has increased tremendously. In 2015, rural India accounted for about 48% of India's GDP and comprised of almost 69% of the total population. Since 2000, per capita Gross Domestic Product has grown faster in India's rural areas than in its urban centres. Rural India recorded the compounded annual growth rate of 6.2%, compared to only 4.7% of urban economy. All these positive changes have increased per capita income and disposable income of the rural masses. Nearly 2/3rd of middle income class of the country lives in villages which represents half of the Indian buying potential. Rural market is expected to grow at much faster rate than that of urban market.

To overcome these challenges, corporates are increasingly getting collaborated with rural communities through SHG's, using innovative marketing strategies, such as low margin, low unit packets, advertising through non-conventional media, organising group activities by employing and engaging locals. SHG's have become the launching pad to approach the vast consumer base. Apart from acting as a gateway for consumption, they act as a supply chain channels for rural products. Being trained, they also create awareness about the product and demonstrate the use. This would bring them additional source of income and could be a source of livelihood also. A life of dignity is the right of every citizen. Poverty is an obstruction to a dignified life. Self-employment is a significant step to have sustained incomes and remove the shackles of poverty. Self-employment of the poor has been an important component of the antipoverty programmes implemented through government initiatives in the rural areas of India.

Rural people are engaged in various occupations for earning their livelihood. Given the financial support, together with appropriate knowledge and skill input, the poor people, in general, have the propensity to make better use of labour and capital. Thus, installation of income- generation activities in the rural areas, in a way, helps promote first-generation micro entrepreneurs with resource mobilization on their own through their SHGs. In this direction collaborations between corporates and Self Help Groups, will definitely brings in positive change in the stake holders and it has three dimensional benefits for the participants. One, it enhances the sales and profit of the companies. Two, this system ensure the proper supply of quality products and service to inaccessible rural areas and three, it promotes the SHG's members to be micro entrepreneurs.

Review of Literature:

1. **Patki, V.V. (1988):** in his article "*Rural Marketing*", discusses the problems of selling life insurance policies in rural areas and gives many suggestions to penetrate into the rural market. He emphasises on personal counselling as an effective method to create awareness about the importance of life insurance. Rural population could be easily persuaded, if the counsellor is known to them or if communicated in local dialect.

¹⁷"Rural spending in India outpaces Urban Consumption", Knowledge @ Wharton, Report published in September 2012.

¹⁸"India to Roll Out World's Biggest Direct Cash Transfer scheme For the Poor", International Business Times, November 2012.

2. **Namasivayam (1988)** in his article "Impact of advertisement on consumer preference for toilet soaps" states that "The market for soaps is growing at 7% a year. This means that the incremental demand generation is 5% over and above the population growth. With increasing awareness of hygienic standards, the market could grow at a rate higher than 8% annually. Interestingly, 60% of the market is now sourced from the rural sector. Creation of awareness about the utility of soaps, is the first step to tap the rural market".
3. **P. Indrasena Reddy (1996)**: in his article "Rural Marketing in India-Problems & Prospects" emphasizes on product planning for rural markets. The product design, colour, size and quality must be in tune with the tastes and preferences of the rural consumer. He is of the opinion that good infrastructure is an essential prerequisite for development of rural markets. Moreover, there is need to train and develop the sales force to serve the rural consumers. Conversing in local dialect the prerequisite for the successful operation in rural market.
4. **Ojha, R.K. (2001)**: in his article "*Self Help Groups and Rural Employment*" states that the Self Help Group model of self-employment generation seems to be a workable model. However, there will be need for utmost care in promotion of self-help groups. He has also mentioned that there are number of possible routes to the promotion of self-employment and strengthening self-help groups is one of them. Various kinds of support systems including-training, infrastructure support and financial support (specially in terms of providing loans) which are being undertaken to empower SHG's have shown positive results in various parts of country and are workable too.
5. **Kannan (2001)**: studied the rural marketing prospects in selected areas of Tamil Nadu. 100 respondents were selected in this survey and multistage random sampling was used. For successful marketing in rural areas, an integration of traditional and modern methods of selling is required. To communicate effectively with the prospective rural consumers and to ensure effective distribution and prompt delivery, organizations must understand the specific requirements and needs of the villagers and then plan their strategy to convert the prospective consumers into active consumers.

Research Gap:

Literature review of the above pages clearly emphasises the need for studying 'Corporates and Self Help Groups integration in rural markets, its possibilities and performance in Karnataka'. The above mentioned studies state the problems that are rampant in rural markets and at the same time explain the rural markets potentiality. India's rural market accommodates 69% of the total population of the country and its growth prospects are much higher and rapid than urban market. Despite the fact that, for a marketer, a consumer, everywhere is a consumer, there exist wide disparities between urban consumers and rural consumers. The need, usage, beliefs, attitudes, expectations, aspirations of the rural consumers is quite different from their urban counterparts. This calls for a separate marketing approach, specially carved for rural markets.

Objectives of the study:

1. To study the role of corporate and self help groups in rural market.
2. To examine the existing strategies of corporate and self help groups in reaching rural market.
3. To assess the performance of Corporate and Self Help Groups in the study area.
4. To examine the role of Self help Groups in influencing the consumption pattern of rural consumers.
5. To analyse the impact of corporate and Self Help Group linkages in rural market i.e., to compare the status of SHG members before and after integration with corporate.

Research Methodology:

Area of the study: Karnataka state is chosen Locale for the study.

Method: It is an exploratory research and case study method will be adopted.

Study period: Ten years data would be collected. Corporate strategies and linkages with SHG's between 2004 to 2014 would be collected for the study.

Data: Using Stratified random sampling method, 5 talukas will be selected to carry out the intended research. Out of these five talukas, 20 Self help groups will be identified in each talukas randomly and data would be collected from any five members, who will be randomly selected.

Sample size: 500 respondents.

Sampling technique: Stratified random sampling method will be used. Along with this, convenience sampling method will be adopted keeping in view the potentiality and prospects. Purposive sampling method will be used to choose the corporate and SHG's. Participatory Rural Appraisal, which enables rural people to share, enhance and analyse their knowledge of life and conditions, to plan and to act, will be adopted.

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