

ROLE OF HAATS IN THE DEVELOPMENT OF RURAL MARKETS

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ABSTRACT

Much before the Wal-Marts of the world got hot on retail; India had its own grassroots retail network, known as haats, selling as mindboggling variety of products as a Wall-Mart store. Though traditional, these Indian avatars of hypermarkets promise to drive marketing plans of companies as they eye the emerging rural market, accounting for over two-thirds of India's population, 56% of income, 64% of expenditure and 33% of savings. The report Haats as marketing hubs, by Rural marketing Association of India (RMAI), available exclusively with The Financial Express, says India's 47,000- odd haats can offer immense thrust to rural marketing with their readymade distribution network. Though the Rs50,000-crore sales that these weekly rural bazaars collectively generate every year may just be a fraction (under 3%) of all rural private consumption expenditure(Rs20lakhcrore), their importance in rural life goes beyond sales. The total number haats in India is 43,000 and 70% established before Independence. Out of total footfalls around two-fifth are women. Large haat, in a 10,000+ village, caters to 57 villages attracts 12,000 visitors daily. Small haat, in a 5,000+ village, caters to 21 villages, average footfall of 5,600 a day. Around 545 stalls appear in a large haat while around 327 stalls are set up in a small haat and 98% rural people are regular visitors to haats, 75% visit any particular haat almost every week. Three-fifth comes to buy specific products from haats despite the fact that similar products are available in their villages. A buyer spends Rs 40 on purchase of FMCG products in a single haat day. It nears Rs 60 in UP and Maharashtra while is comparatively lower at Rs 22 in Orissa and AP. On an average, a haat accounts for Rs 2,224 of sale of branded products for an FMCG seller while total sale (including unbranded FMCG products) is Rs 7,521. The study examines the role of Haats in the development of rural market. This paper will tell us what impacts have Haats on rural sector, and how they helped for the growth of rural markets.

Keywords:-Haats, Rural, Markets

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INTRODUCTION:

Rural markets have a dispersed population due to which it is tough to reach this segment. As the people in the rural area cannot reach the urban area for purchasing goods and services, so there needs should be addressed properly and in a good manner but this involves high cost and efforts. Mainly fixed location retail shops are used to reach the rural consumer. The high costs are incurred by the marketer due to which alternative channels are used to reach rural consumers. The alternative channels that marketers use include the haats (periodic Markets), Self-help groups (SHGs), IT-Kiosks, mobile traders, network marketing/agents etc (Velayudhan 2007). One of the inference form central place theory suggests that the consumers are allocated to the nearest market centre (South and Boots 1999).

Haats are the oldest marketing channel of India. They continue to play a vital role in the rural economy these markets provides people an opportunity not only to purchase consumer goods, but also to sell surplus agricultural and allied products. (Kashyap,Raut 2010).There are 47000 haats all over India, catering almost 50 percent of rural population (Krishnamacharyulu, Ramakrishanan 2011).Each haat caters to the need of a minimum of 10 to a maximum of 50 villages, drawing around 4000 persons who come to buy and sell a range of daily necessities and services. Haats are held on weekly bases. Sunday markets are the most popular, while middle of the week haats are the most infrequent. (Kashyap, Raut 2010).

Sellers sell in one haat on one day and move to another on the next day. The reason for this is that villagers in rural India are paid on a weekly basis. Haats are usually scheduled on the day that employees get their "*hafta*". Everything is sold on the ground and there is a large variety on offer. Haats do not only sell loose commodities, a significant amount of packaged goods are also sold. It was found that all states in the country except Haryana, Western Rajasthan and some North Eastern states conducted haats. The reasons for the exceptions are—Haryana is almost urban, Western Rajasthan has a very low population density and the north eastern states are inaccessible. (Krishnamacharyulu, Ramakrishanan, 2011). Haats have been around for 200 years and offer an indigenous system of low-cost selling. (Marketing and research Team, MART).

OBJECTIVES OF STUDY:

- To examine the role of Haats in the development of rural market.

OBSERVATION OF HAATS:

Sale per day per Haat	<Rs0.225 million
Average sale per outlet per day	Rs.900 approx.
Average daily income of each stall owner	Rs.90 approx.
Average purchase per visitor	Rs.50
Cash sales in haats	<90 per cent
Sales on barter system	5 to7 per cent
Sales on credit	3 to 5 per cent
Participation fees at haats (common to all)	Re 1 to Rs 5 per stall

Figure: 1 Source: - (Krishnamacharyulu, Ramakrishanan 2011).

ADVANTAGES OF HAATS:

- 1. Convenience:** Haats can be compared to the large departmental stores where the advantage is a one stop shopping exercise. Haats crop up every week, providing consumers with products of their choose and at low price.
- 2. Availability:** It is a market where one can purchase house hold goods, cloths, durables, jewellery, cattle, machinery, etc.
- 3. Attractive:** Haats are attractive place to those who want to buy second hand durables and to those who prefer barter transactions. Further the freshness of the produce, buying in bulk for, a week and the bargaining advantage attract the people and the weeklong hard working rural folk.

VILLAGE HAATS:**(a) Location**

Village Haats may be constructed at the existing place of marketing in the villages i.e. places where weekly haats already exist. The land for the proposed Village Haat must be owned by the Gram Panchayat/Government. Weekly haats on private lands will not be considered. Initially, the Village Haat may be constructed at Panchayat Headquarters or at a place which has the potential for attracting large number of visitors.

(b) Basic Structure /facilities for the Village Haats

The basic structure /facilities which may provide at these village Haats are as under:-

- a. Open raised platforms
- b. Covered platforms
- c. Toilets (separate facilities for women and men)
- d. Drinking water facility through installation of India Mark II handpumps.
- e. Drains
- f. Brick soling in the moving space.
- g. Garbage pits/corner.
- h. Office block.
- i. Warehouse for storage (small)
- j. Boundary wall /fence

k. Parking space

l. Drinking Water facilities for animals

The efforts should be made to design the Haat based on local architecture to promote tourism.

(c) Funding Pattern

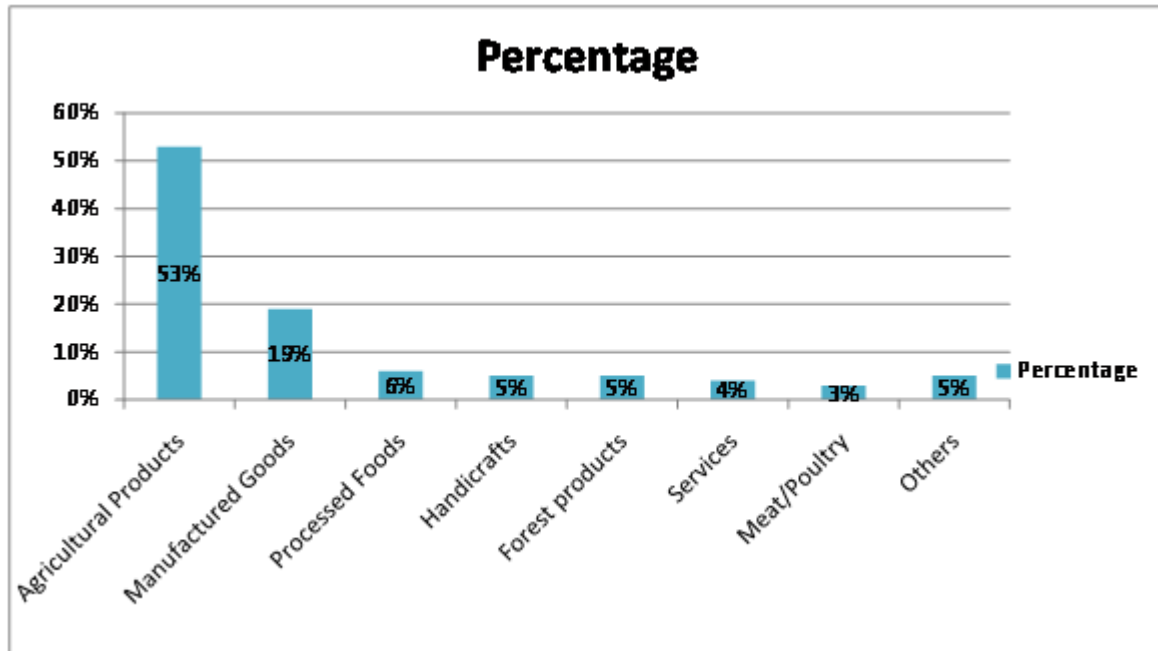
Funds will be released for the creation of such Village Haats for an amount of upto Rs.15.00 lakhs which will be shared between Centre and State in the ratio of 75:25. However, funds will be contributed in the ratio of 90:10 for North Eastern States. The estimates for the infrastructure of Village Haat may be prepared by a competent person viz. Rural Engineering Department/PWD or any other authorized Government Department or Registered Civil Engineers/architects.

(d) Maintenance and Management

A Rural Haat Management Committee may be constituted for management and maintenance of Village Haats which may comprise of Gram Pradhan, representatives of Gram Panchayat, representatives of Self Help Group/leader of village federation and Gram Panchayat Officer/ Gram Development Officer, which would be a sub-committee of the Gram Panchayat. Haats should generate sufficient resources to meeting the recurring expenses through levy of user fee etc.. Gram Panchayat will pass a resolution to maintain the Haats through levying suitable charges/fees. The collection and allotment of stalls will be the responsibility of the Management Committee which will maintain the village Haats from the rental income and other fees/funds collected from the village Haats. The expansion of Village Haats may be considered from surplus funds. Permanent shops and other facilities for the village Haats may be planned from these funds.

(e) Allotment of Stalls

About 70% of space may be allotted to SGSY beneficiaries and 30% of space may be allowed to be given to others who will pay suitable charges/fees. Self Help Groups of SGSY will not be charged any rent or nominal rent in comparison to others for using space in Village Haats. The allotment should not be permanent in nature to allow for new entrants. The space can be rotated between different Swarozgaris for a fixed number of days in each year. They should also not be allowed to avail the facility for a period exceeding the total number of days prescribed for this purpose.



(f) Monitoring

Department of Rural Development of the State Govt. will primarily be responsible to monitor the progress of such haats periodically. The concerned DRDA will collect information on sale of product, functioning of these haats and furnish the report to State Government and State Government to Ministry every month in Monthly Progress Report (MPR) and on MIS, when it becomes operational.

PRODUCTS CATEGORY WISE STALLS IN HAATS:

The below diagram shows the percentage of product wise stalls at Haats. As people in rural area are more inclined towards agriculture i.e. they earn their livelihood from agricultural business, so they are more keen to know about the products associated with agriculture. Due to this the maximum percentage of stalls at Haats are of agricultural products.

The stalls at the haats are more convenient and attractive, as these stalls provide the products at a low price and with a lot of variety.

Figure2: Products Category wise stalls in haats. (Source: Rural Marketing association of India Report2011)

PERCENTAGE OF FOOTFALLS IN RURAL HAATS IN INDIA:

According to the source, only 2% of the rural people do not visit Haats. They prefer to visit other stores. Majority of people are interested in purchasing goods from Haats, this is because they get to know about all the latest products and services in their village and at low prices. Also the

villagers are able to put up their stalls in the Haats. They can sell their products such as: wheat, sugar, grains, pulses of their land; pottery products, handicrafts etc. Due to all these advantages the villagers prefer Haats. Also there are many companies that have come up with attractive packaging, i.e. they have brought up small unit packs.

Godrej introduced three brands of Cinthol, Fair Glow and Godrej in 50-gm packs, priced at Rs 4-5 meant specifically for Madhya Pradesh, Bihar and Uttar Pradesh.

Coco-Cola has addressed the affordability issue by introducing the returnable 200-ml glass bottle priced at Rs 5.

Hindustan Lever has launched a variant of its largest selling soap brand, Lifebuoy at Rs 2 for 50 gm.

LG: LG found the untapped potential in the rural market in India and to encash the opportunity it came up with rural marketing strategy.

➤ **Affordability- Price**

1998, LG launched its first low priced TV for rural consumers-Sampoorna- Rs.3000-Cineplus-RS 4900

➤ **Acceptability- Product**

LG came out with Hindi and regional language menus on its TVs.-Introduced the low-priced “Cineplus” and “sampoorna”for the rural market.-LG was the first brand to introduce gaming in TVs.So from the above paper it is clear that Haats have not only benefited the purchaser, but also the companies that are participating in Haats. These companies have been benefited through promotion at the bottom of pyramid

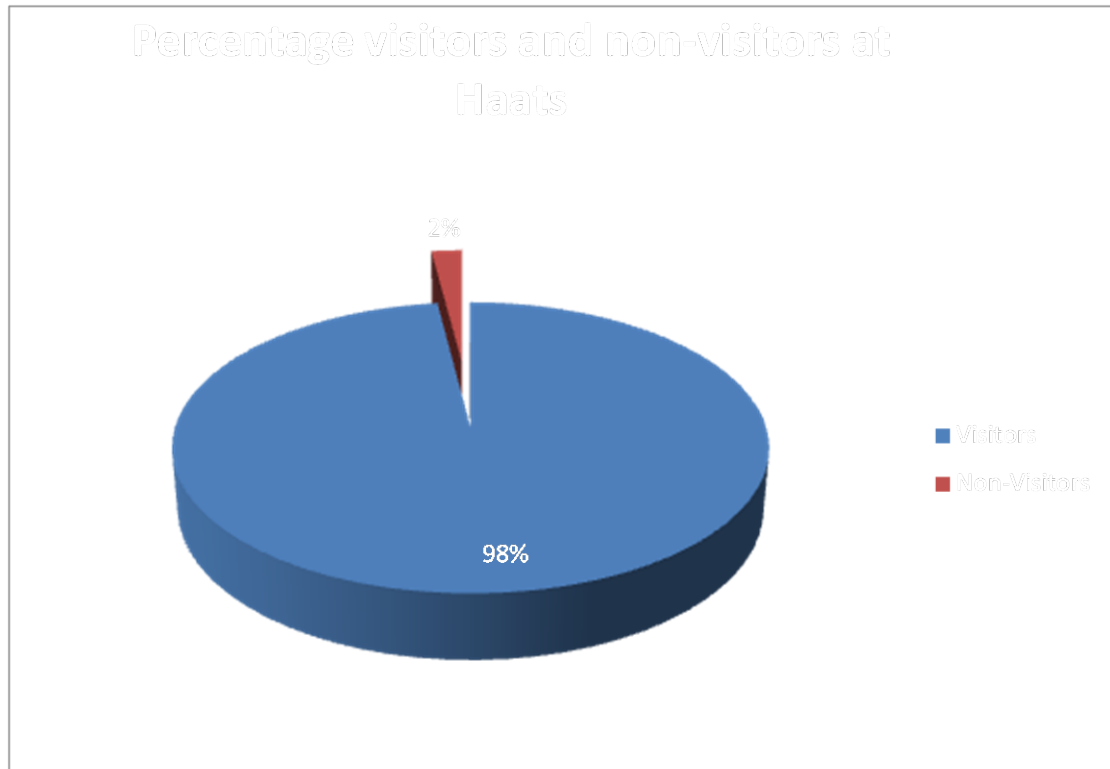


Figure 3 Percentage visitors and non-visitors at Haats (Source: Rural Marketing Association of India, 2011)

AWARENESS OF BRANDS AMONG RURAL PEOPLE:

When we talk about brand awareness, it means that how well a brand is known i.e. how well do people know about brands. At Haats different types of FMCG brands are sold and the following diagram shows the percentage of brand awareness of specific products. Villagers visiting Haats are more aware of shampoo brands.

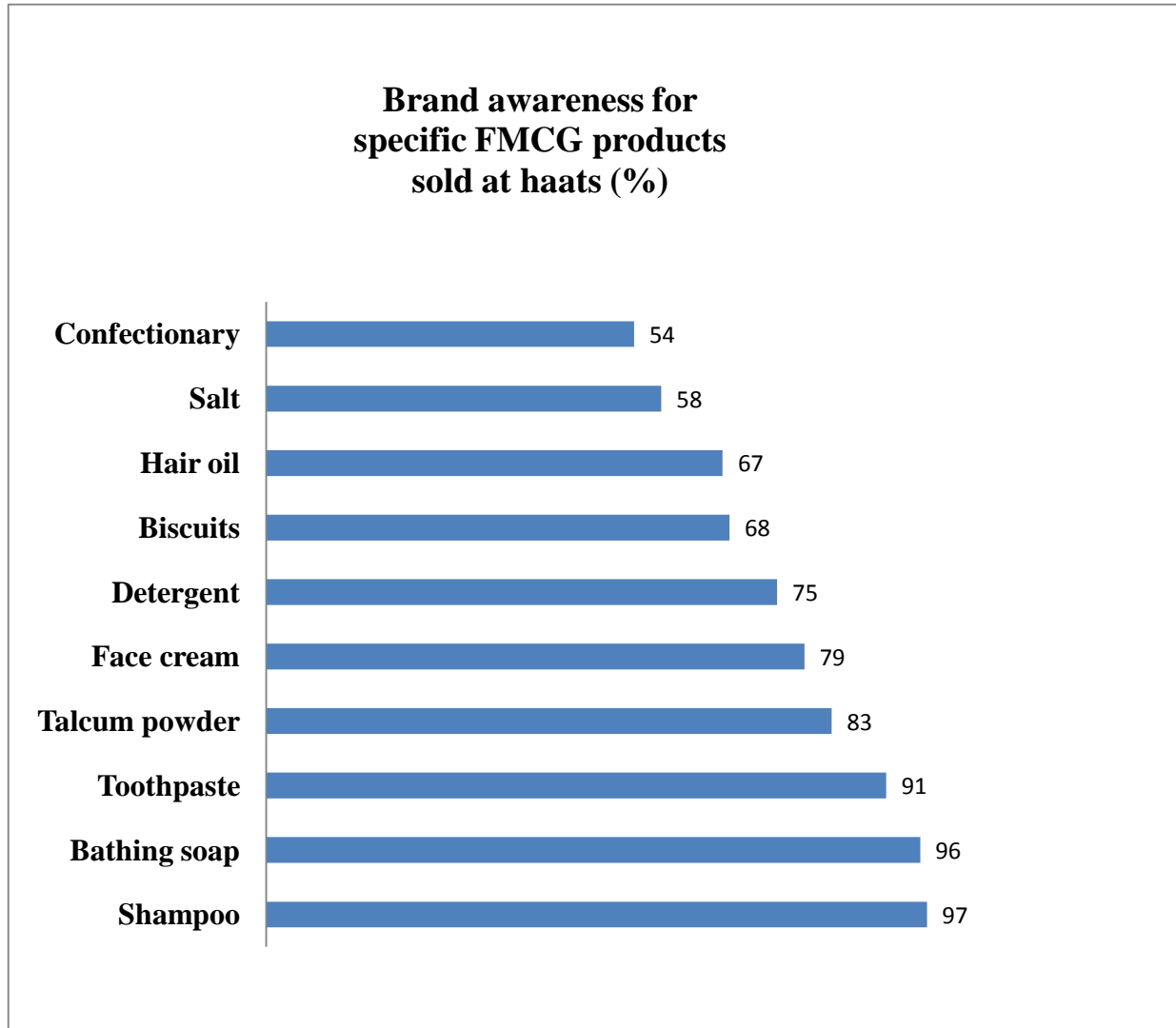


Figure: 4 Brand awareness for specific FMCG products sold at haats (%) (Source RMAI report 2011)

PEOPLE'S PREFERENCE:

Villagers visiting Haats are most interested in purchasing grocery items, as every item is available at the best cheapest price. As the Haats are most often scheduled on weekly basis, due to which these perishable grocery items are easy for the villagers to purchase from their Haats conveniently. Another reason for the preference of grocery items is that mostly the villagers are engaged in agricultural occupation, due to which they can easily sell their own products through the Haats.

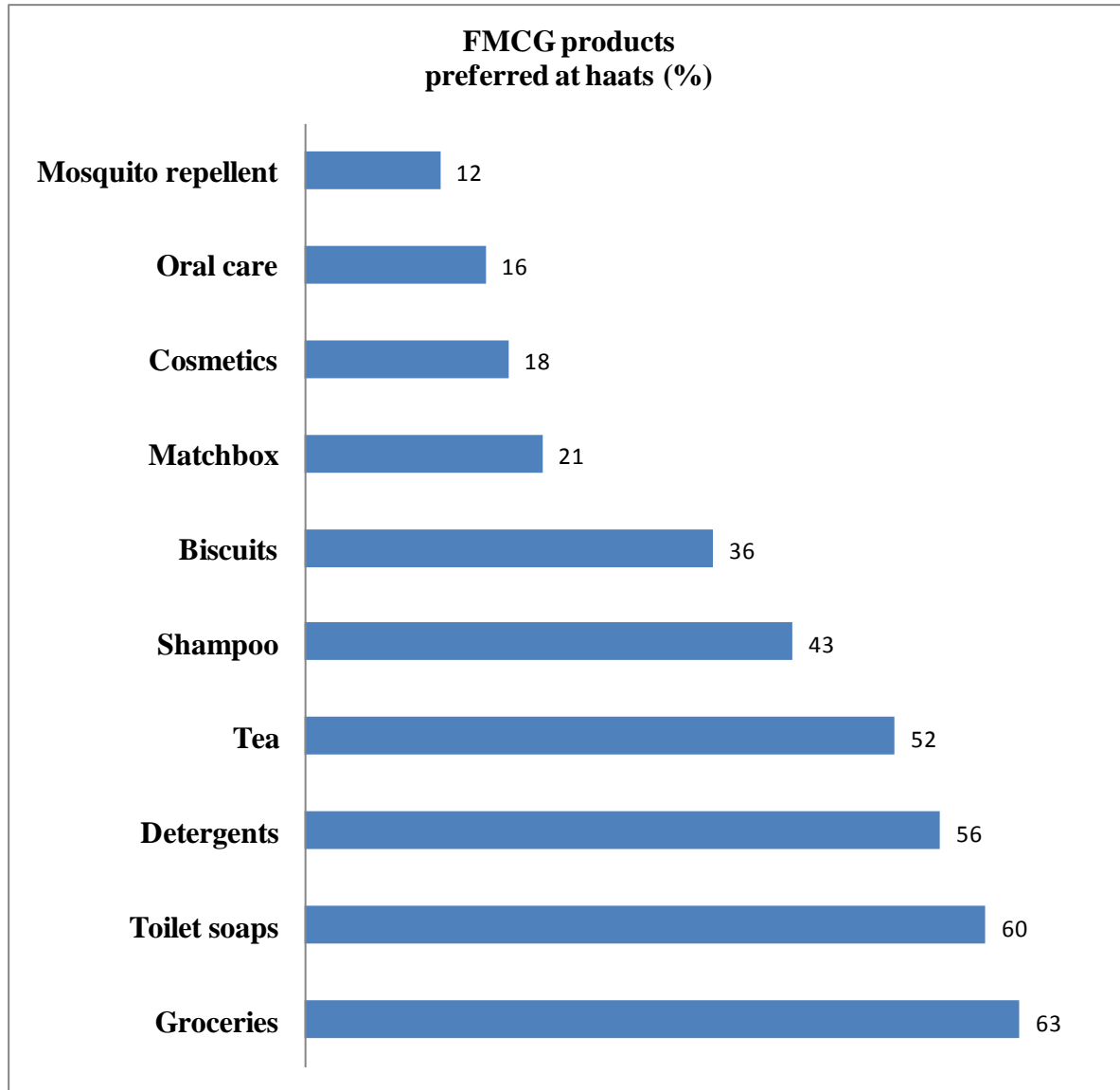


Figure: 5 FMCG products preferred at haats (%) (Source: RMAI report 2011)

CONCLUSION:

The paper shows that Haats have gained a lot of importance in the rural market of India, this is a innovative marketing strategy that has helped in the development of the rural India. Each stall in the Haat creates a brand image and awareness among the villagers, due to which they purchase the products from Haats and many of the villagers sell their produced items. People who come to purchase items are able to have touch and feel experience of the products. From the above data it is clear that the rural people are inclined towards Haats, as they can purchase all the day to day items from haats and at a very reasonable price

The most important thing to quote is that, According to Rural Marketing association of India Report 2011- 98% people visit Haats and like to purchase and sell commodities.

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