ORGANIZED RETAILING IN RURAL INDIA: THE KEY
ELEMENTS OF SUCCESS FOR RETAILERS,
OPPORTUNITIES AND CHALLENGES

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ABSTRACT

More than sixty-five per cent of India’s population is living in rural areas. With organized retail increasingly taking off in India, retailers are fast penetrating rural markets with different models to serve the shoppers of rural and semi-urban India with many innovative ideas like smaller size products that appeal to this segment. This paper first studies some of the retailers who have already entered these markets with rural supermarket format: Future group and Godrej’s joint venture Aadhar, ITC’s Choupal Saagar, DCM’s Hariyali Kisaan Bazaar, Triveni Khushali Bazaar and Mahindra & Mahindra’s Shubhlabh. Thereafter, this paper further suggests the retailers through a comprehensive model to consider key elements and variables to be successful in rural markets along with some of the opportunities and challenges for retailers while entering country’s rural markets.

KEY WORDS: Rural Retailing, Rural India, Organized Retailing, Rural Supermarkets.
1. INTRODUCTION

According to the provisional data released by Census India (2011), the population of India is 1.21 billion comprising rural and urban population that is 68.84 percent and 31.16 percent respectively. A vast majority of country’s population resides in rural areas. In mid 1990’s, the story of organized retail in India started in modest way in metro cities like Madras, Hyderabad and Bangalore – mainly in urban India. Today, the retail sector is witnessing exponential growth with retail development taking place not only in major cities and metros, but also in Tier-II and Tier-III cities including some of the rural and semi-urban areas. Therefore, the next phase of growth, after saturating urban retail markets, is expected to come from rural India which accounts almost half of the domestic retail market. Retail companies are expected to tap the rural segment of the country further as their key engine of growth. Therefore, companies like HUL and ITC are focusing on the rural market as it constitutes over 33 percent of India’s total FMCG consumer base. Organized retailing, especially in rural India, is still in a nascent stage. With rising income level and improving lifestyle of rural consumer, the retail sector is promising a huge growth in rural India.

1.1 Indian Retail Industry And Rural Markets: Current Scenario

In a National Retail and FMCG Summit (2011) organized by the Confederation of Indian Industry, Mr. Thomas Varghese, Chairman, CII National Committee said, “Farmers who earn less than 25 per cent of consumer price can make up to 30 per cent more through organized retail. It will benefit consumers by making common goods more affordable, leading to a savings of $25 to 30 billion or almost 0.5 per cent of country’s GDP by 2020.” Another report by A.T Kearney’s Global Retail Development Index (2011) ranked India fourth among the top 30 developing countries for retail expansion world-wide. Organized retail accounts for 7 percent of India’s roughly $435 billion retail
market and it is expected to reach 20 percent by 2020. Moreover, retail sales account for 33 percent of India’s GDP and employs over 38 million people in the country. According to KPMG report (2011), Indian retail industry is the fifth largest in the world. Organized retail industry is one of the fastest growing industries in India and with growing market demand. Retail industry is expected to grow at a pace of 25 to 30 percent annually. Growing young population, rising disposable income, increasing number of working women and growing urbanization coupled with changing consumer preferences are some of the strong growth drivers of India’s organized retail industry.

More than eighty per cent of rural markets in India still do not have access to any sort of organized marketing and distribution. So, there is sea of opportunities for retailers to serve shoppers in rural and semi-urban India. India Brand Equity Foundation (2011) said that rural India is set to witness an economic boom, with per capita income having grown by 50% over the last 10 years, mainly on account of rising commodity prices and improved productivity. For many years, rural India was not much acknowledged by the retailers. But as the ‘bottom of the pyramid’ is getting empowered with education, higher purchasing power and awareness, companies are looking for opportunities in hinterlands.

2. OBJECTIVES OF STUDY

The objectives of this study are: (a) To study the formats of key players in organized retailing segment in rural India; (b) To develop a comprehensive model of key elements of success for retailers in rural markets; and (c) To explore some opportunities and challenges for the retailers in rural retailing business.
3. METHODOLOGY

This research paper is a review paper and based on secondary data that is collected from various sources – Journal Articles, Magazines, Newspapers and Periodical Research Reports using EBSCO database. First, a model of key elements of success for retailers is developed. Then, the theoretical sampling (not statistical sampling) of selected researches is employed to examine the theoretical issue of the model. Therefore, the key elements are defined and important variables identified for each of the issue given in model. This paper suggests the retailers a model comprising three key elements of success for organized retailing in rural markets (a) Understand rural market and consumers; (b) Setting up cost-efficient distribution and supply-chain system; and (c) Ensure delivery of optimal value and satisfaction to rural consumer (Figure 1).

Figure 1: Model of Three Key Elements of Success for Retailers in Rural Markets
4. KEY PLAYERS IN ORGANIZED RETAILING SEGMENT IN RURAL INDIA

The retail market in rural India is highly fragmented and mainly dominated by small and independent traditional shops. Following are some major retailers, who are, at present, catering to rural segment of India except ‘Khushali Bazaar’ which discontinued its business from April, 2010.

4.1 Triveni Khushali Bazaar (2005 – 2010)

Triveni Engineering & Industries Ltd (TEIL) is the third largest sugar producer in India with a presence in the engineering sector. It is also market leader for manufacturing steam turbines, high speed gears and gear boxes and water and waste water treatment equipment. It was incorporated in 1932, under the name Ganga Sugar Corporation and renamed as Triveni Engineering & Industries Ltd on 31 March, 2000. TEIL is a diversified business model having two unrelated businesses – Sugar production and Engineering. In February 2005, the company introduced ‘Khushali Bazaar’ – a chain of stores for rural and semi urban customers mainly to support its sugar business. It operated over 0.125 million square feet with 42 stores concentrated only in UP and Uttrakhand. It launched this new enterprise to meet the demands of the farming community by offering variety of products and services like agri-products, farming equipments, cattle feed, plastic furniture etc (Table 1).
Table 1: Range of Products and Services offered ‘Khushali Bazaar’

<table>
<thead>
<tr>
<th>Retailing</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>• <strong>Agri-inputs</strong> - Fertilizers and Pesticides</td>
<td>• <strong>Insurance</strong>* - Agriculture, Consumer, Financial and General</td>
</tr>
<tr>
<td>• <strong>Farming</strong> - Farming instruments and Tractors</td>
<td></td>
</tr>
<tr>
<td>• <strong>Others</strong> - FMCG, Cattle feed, Plastic furniture etc.</td>
<td></td>
</tr>
</tbody>
</table>


* Alliance with Max New York Life Insurance Company and Reliance Money as channel partner for financial services.

In April 2010, the company decided to shut down its loss-making rural retail business because of increasing overheads, competition from local *Kirana Stores* (Neighborhood stores) and operational inefficiencies. “We have decided to shut down the rural retail business, since it has been making losses. The overheads are high in organized retail and we have faced difficulties in competing with the local Kirana stores,” said a company executive. According to CII-Technopak study on rural retail, “The biggest bottleneck towards development in rural markets is the excessive dependence on agriculture and consequently, on rainfall. There is overall slowdown of GDP growth every time there is poor rainfall”.

**4.2 Hariyali Kisaan Bazaar**

It is the division of DCM Shriram Consolidated Limited (DSCL)’s Agri-Business. The company (DSCL) operates in two lines of business – Agri/Rural, Chemicals and polymers. Their Agri-business offerings comprise agricultural inputs, both manufactured and merchandised, outputs, distribution and services. The company initiated a ‘Rural Retailing’ initiative with the objective to move towards providing total solutions to the farmers. Hence, it can be said one-stop shop for meeting farming and family needs of the rural population. It has 264
outlets in many villages of eight different states – Haryana, Punjab, Uttar Pradesh, Rajasthan, Uttarakhand, Madhya Pradesh, Maharashtra and Andhra Pradesh. It serves approx. 4 million rural families in catchment area of around 2.2 million square feet. Each ‘Hariyali Kisaan Bazaar’ store offers multiple products and services to the rural and farming community (Table 2) and each of its centres operates in a catchment of about 20 kms. A typical centre caters to agricultural land of about 50000-70000 acres and impacts the life of approx. 15000 farmers.

**Table 2 : Range of Products and Services in ‘Hariyali Kisaan Bazaar’**

<table>
<thead>
<tr>
<th>Retailing</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Agri-inputs – Fertilizers, Pesticides, Diesel and Petrol (under alliance with BPCL)</td>
<td>• <strong>Insurance</strong> – Agriculture, Agronomy advisory, Insurance, Credit etc.</td>
</tr>
<tr>
<td>• Farming – Farming instruments, Contract farming</td>
<td>• <strong>Others</strong> – Output Procurement &amp; Trading</td>
</tr>
<tr>
<td>• Others – FMCG, durables, apparels, Seed Processing etc.</td>
<td></td>
</tr>
</tbody>
</table>

Source: [www.dscl.com](http://www.dscl.com)

### 4.3 Aadhaar

Started in December 2003, Aadhaar Retailing was Godrej Agrovet’s rural retail initiative catering to the growing consumption demand in rural India. Godrej Agrovet Ltd., a part of the Godrej Group, is a market leader in animal feeds, branded chicken, innovative agri-products & oil palm development in India. In March 2008, Aadhar Retailing entered into a joint-venture between Future Ventures India Limited (FVIL) which held 70 percent stake and Godrej Agrovet which held rest of the 30 percent stake in Aadhar Retailing Limited. FVIL is part of Future Group – an established leader in Indian retail sector. It had purchased the stake for Rs 30.18 crore from its promoter Godrej Agrovet.
Aadhar is a rural and semi-urban retailer of agricultural products and consumer products. Besides retailing, it provides Agri-services in rural area (Table 3) and operating through 51 exclusive outlets (as of February, 2011). The combined entity is expected to create more value that is driven by Future Group’s excellent knowledge in retailing and Godrej’s reach of rural consumers as well as vast experience in rural marketing in the country.

### Table 3: Range of Products and Services in ‘Aadhaar’

<table>
<thead>
<tr>
<th>Retailing</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Agri-inputs – Fertilizers and Pesticides</td>
<td>• Credit and Financing – Agri-loans to the farmers (by HDFC Bank), Life insurance (ICICI Prudential) etc.</td>
</tr>
<tr>
<td>• Durables – Mobile phones &amp; accessories, appliances, Kitchenware etc.</td>
<td>• Others – food-court, Soil testing and provide advice to farmers.</td>
</tr>
<tr>
<td>• Others – Furniture from Godrej Interio, Toys, Cosmetics, Stationery and gift items, fresh fruits &amp; vegetables etc.</td>
<td></td>
</tr>
</tbody>
</table>

Source: [www.financialexpress.com](http://www.financialexpress.com)

### 4.4 ITC Choupal Saagar

ITC launched the Choupal Saagar in 2004 and it is one of the first organized retail forays into the hinterland. Choupal Sagar is a rural hypermarket which is managed by ITC’s agri-business division. Farmers can sell their commodities and can buy almost everything including cosmetics, garments, electronics, appliances and even tractors. Currently, there are 24 Choupal Saagars: 11 in Madhya Pradesh, 5 in Maharashtra and 8 in Uttar Pradesh. With the success of e-Choupal (world’s largest rural digital infrastructure), ITC is engaged in scaling up the rural retailing initiative to establish a chain of 100 Choupal Saagars in the near future. Local sourcing of vegetables and fruits allows the
company to deliver fresh and save on the expense of a cold chain. Moreover, ITC’s procurement centers function to provide farmers the option of selling their produce directly to ITC instead of bringing it to the mandi. ITC’s Agri Business Division conceived e-Choupal as a more efficient supply chain aimed at delivering value to its customers around the world on a sustainable basis. It is an initiative to link directly with rural farmers for procurement of agricultural/ aquaculture produce like soybeans, wheat, coffee and prawns (Dangi & Singh, 2010). Launched in June 2000, ‘e-Choupal’, has already become the largest initiative among all Internet-based interventions in rural India.

Among those discussed above, there are few others: HUL’s Shakti, Reliance Retail’s Fresh & Fresh Plus, Mahindra & Mahindra’s Shubhlabh and Tata’s Kisan Sansar, who are capitalizing on rural India’s potential by partnering with farmers and establishing rural retail chains.

5. REVIEW OF LITERATURE

5.1 Understand Rural Market and Consumers

To know the market as well as consumers is a challenging task. It is imperative for retailers to gain insights of rural consumers. Kulkarni (2011) emphasized that the marketers who want the effective penetration and reach in the rural markets need to understand the ever-changing nature of the rural markets because it has always been difficult to judge the rural market as well as rural consumers. The 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. Though, the difference between taste of urban and rural customers is continuously decreasing (Shrivastava and Praveer 2009), the rural consumers are more critical about packaging as they strongly consider that it contributes to misleading buyers and is also an environmental hazard. Rural people feel that packaging is more helpful in buying than their urban counterparts, and they have stronger opinions that better packages usually contain better products (Sehrawet
and Kundu 2007). In many ways, rural consumers have quite different consumption as well as shopping pattern than urban consumers. So, the decision of retailers to reach rural markets need to have significant insight of rural consumers (Table 4).

**Table 4 : Few Studies That Focus on First Element of Success for Rural Retailers**

<table>
<thead>
<tr>
<th>Authors</th>
<th>Publication Title</th>
<th>Document Title</th>
<th>Scope of organized retailing in rural India examined - <em>Understand Rural Market and Consumers</em></th>
</tr>
</thead>
<tbody>
<tr>
<td>Kulkarni (2011)</td>
<td>Advances in Management</td>
<td>Fortune in Rural India - an Overview</td>
<td>Necessary for marketers to understand rural markets and consumers, their needs, value perception, measure strategies for them and develop optimal marketing-mix.</td>
</tr>
<tr>
<td>Shrivastava &amp; Praveer (2009)</td>
<td>SCMS Journal of Indian Management</td>
<td>Organized Retail in FMCG Segment: Rural Market Perspective</td>
<td>This study declares that there is a very good scope for organized retail in the rural markets because rural consumers have a little awareness about organized retail and are little satisfied with the existing traditional/unorganized retailers.</td>
</tr>
</tbody>
</table>
Lack of consumer knowledge could be one of the main reasons of failure for Khushali Bazaar. Therefore, to be successful in rural markets and to attract rural consumers, the retailers must understand consumers’ value perception, needs, ease of accessibility, suitable communication and promotion as well as better packaging.

### 5.2 Cost-efficient Distribution and Supply-chain System

The big retailers and manufacturers have now started focusing on their supply chain and have placed their logistics under the microscope. They have understood that efficient supply chains can impel significant sustainability. Halder and Pati (2011) defined the distribution strategies for reaching the rural poor – the majority of BOP with ‘Socially Responsible Distribution’ and overcoming distribution challenge in the rural markets: (a) Like ITC’s e-Choupal, the use of Information Technology can empower small farmers by providing them with real-time market information, and it has set up a direct procurement system that gives farmers an alternative channel for selling their produce. It enhances the significance of rural distribution; (b) A large proportion
of the rural population suffers from inadequate physical links to markets, information asymmetries, and weak bargaining power. Governments, civil society, and the private sector can all play a role in providing socially responsible distribution; and (c) There is a requirement for a model that will bridge the gaps between rural & urban market will be able to create win-win situation for both. Therefore, to design and implement socially responsible distribution, the infrastructural gap (internet access, reliable electric power, telephone lines etc.) should be bridged.

The infrastructural requirements are coupled with the development of cold chain network will help in reducing post–harvest losses, which means overall improvement in their per unit productivity (Reddy, et al. 2010). Whether it is about rural or urban, the key concepts for supply chain development are partnerships and integration. In order to create and organize the chain a good deal of knowledge is required about: product design and packaging, consumer preferences and market requirement, integration of product/distribution processes (Verma and Chaudhuri 2009). By setting up cost-efficient distribution and supply-chain system, the retailers can serve the needs of rural consumers profitably (Table 5).

Table 5: Few Studies That Focus on Second Element of Success for Rural Retailers

<table>
<thead>
<tr>
<th>Authors</th>
<th>Publication Title</th>
<th>Document Title</th>
<th>Scope of organized retailing in rural India examined – Cost-efficient Distribution and Supply-chain System</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reddy, Murthy &amp; Meena (2010)</td>
<td>Agricultural Economics Research Review</td>
<td>Value Chains and Retailing of Fresh Vegetables and Fruits in AP</td>
<td>There are both demand and supply side factors that contribute to the emergence of traditional and modern retailing. Hence, efficient, value chain management will certainly add value and help in bringing the produce to the market.</td>
</tr>
<tr>
<td>Author(s)</td>
<td>Journal/Publication</td>
<td>Title</td>
<td>Key Role</td>
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<tr>
<td>---------------------------</td>
<td>--------------------------------------------</td>
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<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Verma &amp; Chaudhuri (2009)</td>
<td>International Journal of Business Insights and Transformation</td>
<td>Creating Customer Satisfaction and Profitable Value Chain With e-Commerce in Rural India</td>
<td>Key role of IT, maintained and provided by a corporation and used by farmers, is to help bring about transparency, to increase access to the information, and to catalyze rural transformation, while enabling efficiencies and low cost distribution that make the rural electronic commerce system profitable and sustainable.</td>
</tr>
<tr>
<td>Vachani &amp; Smith (2008)</td>
<td>California Management Review</td>
<td>Socially Responsible Distribution (SRD): Distribution Strategies for Reaching the Bottom of the Pyramid</td>
<td>SRD initiative provides poor producers and consumers with market access for goods and services that they can benefit from buying or selling, by helping neutralize the disadvantages they suffer from inadequate physical links to markets, information asymmetries, and weak bargaining power.</td>
</tr>
</tbody>
</table>

**Cost-efficient Distribution and Supply-chain System**

- **Adequate Infrastructure**
- **Integrate Product/Distribution Processes**
- **Provide Socially Responsible Distribution**

Figure 3: Key Variables to Focus in ‘Cost-efficient distribution and supply-chain system’
5.3 Delivery of Optimal Value and Satisfaction to Rural Consumer

The core of retailing is the development and maintenance of long-term relationships with customers achieved by creating superior customer value and satisfaction, which not simply a series of discrete transactions (Khalifa 2004). Customer value is considered central to acquire competitive advantage and long-term success of the company (Ding and Hong 2010). But, creating value for customer is not so easy. The concept of ‘Customer Value’ has various meanings and therefore, every business sees it differently.

![Figure 4: Key Variables to Focus in ‘Delivery of optimal value and satisfaction to rural consumer’](image)

- **Customers Value Co-creation**
- **Maintain Long-term Relationship with Customers**
- **Quality Products at Competitively Lower Prices**

An important aspect of customer value concept stands in involving the customer value co-creation processes. These are based on the customer integration into the value generation and maximization process for the customer. For Instance, Mahindra & Mahindra’s Agribusiness division firm ‘Shubhlabh’ provides farmers with a single source channel to access all the products, services, and knowledge they need to run productive farms with their presence at
Mr. Rajan Girdhar

every stage from planting to selling with seed supply, crop care, and fresh produce distribution services. By supplying high quality seeds before the growing season, the farmers are supplied an array of products to help them protect their crops (crop care inputs including insecticides, fungicides, herbicides and nutrients) and after harvest, the distribution services for fresh produce both domestically and abroad. So, Shubhlabh provides end-to-end solution to farmers for a mutual benefit.

6. RESULT – THE COMPREHENSIVE MODEL OF KEY ELEMENTS

After summarization of few relevant research articles, the model of key elements is elaborated with those variables which are required to be focused by retailers while deciding their entry in rural markets (Figure 5). This comprehensive model suggests the retailers to implement it only after having thorough analysis of their existing business position.
Organized Retailing in Rural India: The Key Elements of Success for Retailers, Opportunities and Challenges

Figure 5: Comprehensive Model of Three Key Elements and Important Variables of Success for Retailers in Rural Markets

However, this model is a suggestive tool to help the retailers in choosing the right strategy to cater to the mass rural segment of Indian population with organized retail format. Understanding of rural markets and consumers generates the need for the retailers to design cost-efficient distribution and supply-chain system coupled with ensuring delivery of optimal value and satisfaction to the consumers.

7. OPPORTUNITIES AND CHALLENGES FOR RETAILERS IN RURAL MARKETS

7.1 Opportunities

There are enormous opportunities for the retailers that can be encashed if they enter rural markets with suitable formats in order to serve the rural consumers by focusing on all key elements described in this paper.

7.1.1 Foreign Direct Investment (FDI) Policy in Retail Sector

At present, India does not allow FDI in multi-brand retail. In the wholesale business, 100% FDI is allowed, whereas in single brand retail, 51% (Govt. considering to increase up to 100 per cent) overseas investment is permitted. But, after getting signals from Committee of Secretaries (CoS) early this year about allowing up to 51 per cent FDI in multi-brand retail, gives government a reason to find political consensus on the issue. If the government permits FDI in multi-brand retailing, it would have a lot of impact on inflation, supply chain, infrastructure etc. With FDI in retail, rural India can lead to improved farm practices and enhanced well being, whereas its introduction in urban India may confer only a few benefits. Moreover, FDI can replace the existing APMC (Agriculture Produce Market Committee) network, with its long chain of
commission agents that deprive the farmer of remunerative prices and the consumer of a fair price, assured quality, choice and transparent accounting.

7.1.2 Growing Farm and Non-Farm Income

According to The National Council for Applied Economic Research (NCAER), India’s annual per capita income almost doubled from Rs.23,198 in 2004-05 to Rs.46,492 in 2010-11. Rural growth far outstripped that in cities because of growing farm and non-farm incomes and government largesse in terms of loan waivers, guaranteed jobs and better support prices for crops. By 2015-2016, the rural income from non-farm and farm activities is expected to be 68 per cent and 32 per cent respectively compared with 60 per cent and 40 per cent respectively in 2007-2008. Similarly, there is change in consumption of food and non-food articles among consumers in rural India. From financial year 1988 to 2010, the consumption of non-food articles have increased from 36 per cent to 46 per cent of total spend. During the same period, consumption of food articles has been reduced from 64 per cent to 54 per cent of the total spend. Therefore, growing income of population in rural India will cause growth in consumption for food as well as non-food (car, bikes, fashion accessories etc.). So, there are clear signs of demand coming from rural segment of the country and therefore, a bouquet of opportunities for retailers to cater to their demand in the way it is required.

7.2 Challenges

As many as opportunities, so are many challenges too exist for organized retailing in rural India.

7.2.1 Difference Between Organized and Unorganized Retailing in India

In the United States, just 15 percent of retailing is unorganized, while 85 percent is organized. In India, a huge 95 percent is unorganized and only 5 percent is organized. India’s unorganized sector competes with the organized
sector in four main ways: Last mile delivery, Store locations, Consumer relationship building, and Credit based delivery.

7.2.2 Geographical and Cultural Differences

The culture of India is an amalgamation of diverse sub-cultures spread all over the Indian subcontinent. And cultural differences, most often, become very important factor for retailers to address. For instance, cultural differences were partly responsible for Wal-Mart’s difficulties in Germany and South Korea. So, retailers need to address this issue well before they enter rural markets.

7.2.3 Urban–Rural Inequality

The main occupation of the Indian rural population is agriculture and related occupations. And they draw their Livelihoods from crop cultivation, livestock, forestry or fishing etc. Whereas, the main livelihood drawn by urban population is mainly within the continuum of non-agricultural production or making/selling goods or services. By understanding these differences, the retailers can decide a merchandise-mix that matches the needs of rural consumers. For instance, Aadhar Retailing – FVIL’s subsidiary mainly stocks FMCG and Durable products but also stocks agri-input products to cater to farmer community and their needs.

Lack of adequate infrastructure coupled with high penetration of small retailers makes retailing in rural markets highly fragmented. So, for a retailer, before entering rural markets, it is very important to gain knowledge and insight of target consumers as well as markets. They need to formulate their strategies, that could be different from urban markets, to encash given opportunities and address some of the challenges discussed above.

8. CONCLUSION AND FUTURE RESEARCH

Various management scholars and economists have addressed the issues regarding rural markets and consumers in India. But, very less attention has
found in exploring sustainable business proposition for retailers to access Indian rural markets. A comprehensive model of key elements comprising important variables is introduced in this paper. The model describes that three key elements – (a) Understanding of rural market and consumers; (b) Setting up cost-efficient distribution and supply-chain system; and (c) Ensuring delivery of optimal value and satisfaction to rural consumer, all of them must be considered by retailers without overlapping those important variables discussed in each element. This comprehensive model suggests the retailers to play active role in adapting to the prevailing environment in Indian rural markets and help overcome challenges which are main obstacles for the growth of rural India. While the model in this paper is drawn on the basis of few studies and reports of the known sources, further research can be to understand customers’ perspective towards and role of retailers in setting up organized retail formats in rural markets. Moreover, this research is based on market structure of rural India only. There are strong similarities to the conditions of the rural markets of the surrounding countries too. Therefore, the comprehensive model of this research can also be applied into the rural markets of those countries with similar conditions to this country.

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