



DEMOGRAPHIC AND PSYCHOGRAPHIC STUDY AND DEMAND ANALYSIS OF RURAL CONSUMERS IN POST LIBERALISATION ERA

Dr. S.A. Mohamed Ali¹, Ms. Aneja N.C²

¹Principal, CMS Academy of Management & Technology, Chinnavedampatti, Coimbatore -641049. Tamilnadu. India.

²Research Scholar, CMS Academy of Management & Technology, Chinnavedampatti, Coimbatore -641049. Tamilnadu. India.

Article DOI: <https://doi.org/10.36713/epra17187>
 DOI No: 10.36713/epra17187

ABSTRACT

The economic situation of rural residents has changed since economic liberalization, and they are no longer considered impoverished individuals. Rural residents' income has increased significantly during the past few years. The information revolution and rural residents' rising educational levels have made them aware of many of the newest product offerings. Cultural disparities with their urban counterparts began to fade in a market that was semi-homogeneous for many durable and non-durable businesses. Reduce and attitude had significantly shifted. Teenagers from rural areas try to act like their metropolitan counterparts. A significant shift in lifestyle has occurred, with a growing number of people becoming self-conscious. Social class lines become less distinct. Rural consumers could now easily get commodities thanks to the extensive distribution network of various businesses, which contributed to the rise of rural consumerism. In summary, the paper covers various psychographic and demographic studies as well as an analysis of rural customers' demand throughout the post-liberalization era.

KEY WORDS: Demand Analysis, Economic Liberalization, psychographic and demographic studies, Rural Consumer

India made a complete 180-degree turn in its approach to market ideology and economic strategy in 1991. Up until that point, Jawaharlal Nehru's socialistic ideology dominated economic policy. The state had a very strong emphasis on controlling everything. In India, the legacy of Mahatma Gandhi was characterized by a high level of protection, local production, and self-reliance. Business was under the jurisdiction of the government. There were expensive and high taxes, and commodities were hard to come by in many areas. International brands nearly exclusively use Anna due to strict duty regulations. Dominant businesses in the majority of industries continued to be wholly uncompetitive by global standards.

Following Indira Gandhi's resignation as prime minister in the middle of the 1980s, Rajiv Gandhi began to implement several

reforms in government regulations. He absorbed some shaky advice on economic liberalization. But it wasn't until 1991—during an unparalleled balance of payments crisis—that India was compelled to take the route of economic reform. Since then, India's GDP has grown rapidly, and the country's socioeconomic structure has drastically changed in both its urban and rural areas.

SHIFTS IN DEMOGRAPHY

The distribution of income was one of the most notable shifts brought about by liberalization. The income distribution measure for rural consumers, or the percentage of the population at each income group level, is shown in the following chart.

Exhibit 1 : Rural – Percentage of Each Income Group				
Income Group	2010-11	2015-16	2020-21	2023-24
Upper	2.1	3.6	5.2	8.1
Upper Middle	3.1	4.1	5	6.5
Middle	8.6	10.1	13.7	22.3
Lower Middle	29	39.5	43.5	42.5
Lower	57.2	42.7	32.5	20.6

Source : Marketing White Book, page 27

This graph demonstrates how rural India's income distribution has improved over time. If we plot it graphically, we can clearly see that, in 2001–2002, the triangle transformed from being bottom-heavy to a better proportionate triangle. It began to take

on the shape of a diamond in 2005–2006. This is a useful measure because it shows how changes in consumption patterns affect the shape of the income distribution and, consequently, how average consumer behaviour itself changes. The



distribution of income is a powerful and advantageous catalyst in determining other changes in the population.

The fact that rural customers are no longer reliant on agriculture may be one of the causes of the changes in the distribution of rural income. Their reliance on agriculture left them vulnerable to the monsoon's boom and bust cycle. Furthermore, the agricultural sector had declined by 1.9% over time. However, as of right now, agricultural activity in rural India accounts for little less than half of the GDP in rural areas and is nearly equivalent to other agricultural activities. The rapidly expanding non-agricultural sector has more disposable income. Furthermore, those in non-agricultural sectors are naturally driven individuals. Their spirit of entrepreneurship allows them to question the status quo and existing conditions. In rural India, the number of self-employed individuals is rapidly increasing, primarily in the service industry, which requires very little initial capital. Status quo is the pre-liberalization mindset that persists in rural India today. The mantra of the rural self-employed becomes, "I can and I will." Ninety percent of rural homes in 2023 are headed by self-employed individuals. In addition, dual households are becoming more common in rural India. This has led to the emergence of other consumption drives.

Consumer confidence and comfort levels when borrowing were key factors in determining how consumers behaved in rural India. The future-oriented expectations of consumers determine their level of confidence. If people believe the future will be better than the present, they will spend money. Consumer trust is greatly increased when consumers witness the advancements made in research over the past few decades in their own homes and the homes of those in their immediate vicinity. Furthermore, there is an increase in the confidence to borrow. Indian psychology has always placed a great deal of discomfort around death. Indian mythology, religion, and society have all long-condemned debt as a means of acquiring goods. In the Mahabharata, Yudhishthira gave his opinion on what makes a happy man in response to Dharma's query about what makes a happy man: "whoever ekes out the day without taking loan, going abroad." However, a few of the variables also altered the rural consumer's perspective on loans. The first is my unwavering belief that tomorrow will be better than today; the second is the low interest rate regime; and the third is the EMI facility, which allows me to use loans as pre-planned means of expenditure.

In rural India, consumption results from the widespread desire for rice. Three independent variables, namely literacy, determine aspiration. Increase communication and connectedness. In many of the states you admire, both urban and rural, literacy had taken a serious hit. Even if the achievement was not noteworthy in many states, it touched the nearly full literacy level in others, but India had nonetheless propelled itself to a new league in the post-liberalization period of literacy. Just 24% of people in the twenty to twenty-five age range lack literacy. Merely 13% of individuals aged 12 to 19 lack literacy. Over half as many people in the aforementioned age categories are illiterate. Furthermore, in the case of India, the methods and resources used to spread consciousness had beyond the conventional framework of universities and schools.

Indeed, those are the most important routes for distributing knowledge, but they cannot ensure the development of consciousness. Herein lies the opportunity for the media to contribute positively. In rural India, television was widely distributed, which led to the creation of much-needed social consciousness. In India, the revolution in communication has had a profound effect on rural households. There is a telephone in practically every village. The internet is visible in many locations, and mobile devices are gaining ground at an astounding rate. The potential of IT, whether it be for problem-solving, enhancing daily life, or generating jobs, has even permeated rural India. With the correct amount of exposure, even rural households can be tech-savvy, as demonstrated by the ITC e-choupal campaign. The aspiration level had altered due to all of these reasons. Notable anthropologist Arjun Appadurai described it as "Imaginational is not about the individual escape." It is the social activity done in groups. In order for people to construct a narrative and screenplay around themselves, envisage a prospective existence, and arrange products in an evolving sequence, they require access to information resources. Though it may not always lead to action, imagination serves as a catalyst for it. The age cohort has been correlated by the imagination of reaching anything. An age cohort is a collection of individuals from various generations. In rural India, there are three distinct generations to consider while discussing the age cohort. First, there are the youth, defined as those under the age of twenty-five. They've been referred to as "the children of liberalization." Next are the parents of children who have been liberalized; Salman Rushdie refers to these parents as "Midnight's Children." Additionally, there is a generation that originated in the years prior to independence.

Less than 10% of Indians are from the pre-independence generation, while 35% are from the post-liberalization generation. Of the population, 26% are children of midnight, while the remaining 30% were born between the liberalization of the 1970s and the year 1970. Gandhi's philosophy of 'Live simply, think high' had a great influence on the generation that lived before independence. They uphold the virtues of thrift, simplicity, honesty, abstinence, and self-reliance. The children of Midnight and Midway have witnessed the devastation caused by the process of nation-building. They frequently have a strong inclination to save. Yet, the liberalization children exhibit a strong consumerist trend. They do not have a national preconception that opposes materialism in general. The generation of the liberalization era does believe in consumption, even though the pre-independence age group is comprised of dissatisfied customers and Midnight's Children are guilty consumers. While their fathers' lack of access to transportation prevented them from leaving their villages, this generation has lived in cities from an early age. Transportation has always been essential to the spread of consumerism, whether it is in Japan, America, or another country. It turned out to be a beneficial stimulus for both the supply and demand sides. In addition to lowering barriers to mobility, it fosters a convergence of consumer test, lifestyle, values, and attitude. The line separating rural and urban areas is no longer real. Conversely, businesses seeking to service a sizable portion of the underserved or underprivileged market drove the creation



of the supply side revolution. Products that were within easy reach of customers were made possible by the distribution revolution, which was spearheaded by some Indian corporations. The children of liberalization are essentially contributing to the rapid diffusion of the consumerism trend. Now, in addition to discussing age cohort, we should additionally discuss ethnicity at India is essentially a notion rather than a physical place, according to a statement made by Sashi Tharur. If we attempt to investigate the idea a little bit, we have to keep in mind the vast differences among individuals when it comes to language, culture, eating habits, etc. Is there anything that we can categorize as pan-Indian or pan-rural? The answer may be no, but in the post-liberalization era, a more forceful no. India's television viewing options prior to deregulation were limited to national networks. There is a strong sense of regionalism in every aspect of life due to the abundance of regional language channels. This has prompted numerous businesses to modify their operational marketing strategies in a way that better accommodates ethnic preferences.

The role of women in society has changed, though, and this is the biggest shift brought about by liberalization. Similar to the US following World War II, there has been a significant shift in the gender makeup of the working population. However, when

compared to working women in cities, the proportion of rural working women is startlingly high. In India's rural areas, 42% of women work outside the home, compared to 23% of urban women. In addition, a brand-new group of working women known as Micro Entrepreneurs is on the rise. Shakti Amma of Hindustan Unilever's project Shakti propagates the woman emancipation of rural India. They not only take care of the mundane needs of the family, but also the economic needs. The cascading effect of the self-help group and the project like Shakti has created an entrepreneur spirit among the women in rural India.

Rural SEC (Socio Economic Classification) System : The rural SEC system is categorized in four classes. Categorization is based on the educational level and the kind of house the family lives in. Exhibit 2 describes the rural SEC R1 & R2 are the major consuming classes in rural India, while R3 and R4 are the poor classes. A little more than 5% rural households are R1 and little over 10% are R2. Together they account for about 22 million households or about 110 million people. In scale term, it is tantamount to one side of the India urban India. But nearly half of the rural India is R4, while R3 and R4 combined together contributed to whopping 85% of rural India. The distribution of R1, R2, R3 and R4 are skewed in certain states in favor of R1 ending certain states in favor of R4.

Exhibit 2 : The Rural SEC			
Education	Type of House		
	Pucca	Semi Pucca	Kuchcha
Illiterate	R4	R4	R4
Literate but no formal schooling	R3	R4	R4
Upto 4 th Standard	R3	R3	R4
5 th to 9 th Standard	R3	R3	R4
SSC/HSC	R2	R3	R3
Some College but not graduate	R1	R2	R3
Graduate/Post Graduate (General)	R1	R2	R3
Graduate/Post Graduate(Professional)	R1	R2	R3

Source : Bijpurkar Rama, 'We are like that only' 1st edition page 136.

About 60% of R1 and R2 own a television of which half is black & white. About the one fourth of R4 households are having a television set. Therefore, the fact that 30 million of R3 and R4 households having television set is a strong indicator of cultural change in rural India because television is a major source of exposure to the world and also the source of aspiration.

PSYCHOGRAPHIC CHANGES OF RURAL CONSUMER

Culture is the most dominant as well as most important pillar in psychographic variables. Virginia Valentine, the founding partner of Semiotic Solution puts it "culture is not inert, it's pretty 'ert'. If it is not working for you, then it is probably working against you".

Understanding a culture becomes more difficult as a society experiences changes in its social, political, economic, and technological settings. The boundaries of authentic Indian culture remain unclear as a result of the culture's subterranean total of significant changes. It will take some time for the

powerful force that seeks to combine the old and the new, the eastern and the western, to produce a definitive outcome. Every national event has an impact on a country's culture and psychographic characteristics; liberalization is no exception. In contrast to the pre-liberalization period, modern Indian rural customers do not accept their lot in life. Instead of settling for less, they aim and reach higher. They do not wish to limit themselves to a little area of land that ends at the edges of their villages or the communities next door. They desire exposure and experience. They give up practicing abstinence. Their requirements have evolved from being basic to being particular and sophisticated, matching or surpassing those of their metropolitan counterparts. This is the result of aspiration's social validity. In her book "We are like that only," Rama Bijapurkar cited Santosh Desai, who discusses breaking free from the social and economic constraints that define daily existence. It is no longer true, he claims, to teach our children to "know your place," "this is our place in the world, this is who we are not," or any similar sentiment from the past. Rural India might now consider visiting places that no one in their



community has been before. Stories of adversity turned wealth are cherished. Prior to now, the only way to give dreams legitimacy was via education. Currently, a wide range of goals enjoy social legitimacy. However, the most intriguing aspect of rural consumers' psychographic behavior in the context of post-liberalization India's rural areas is the extent to which these areas have absorbed Western culture. We can conclude with confidence that there is still a long way to go before western values like egalitarianism, clarity, linearity, respect for opposing viewpoints, individualism, impatience, assertion, never give up attitude, novelty seeking, wealth accumulation, and respect for youth are fully assimilated with rural Indian values. Indian values include patriarchy adaptability, low dissonance, socially defined roles, patience, passivity, traditional, self-harmonious, happiness, and respecting the age. Even while popular or interactive media has helped spread some western values, most rural households still don't believe in them. One of the western ideas that permeated both rural and urban India is pragmatism. It causes some changes, such as parents being more democratic and amiable in even rural India. Everything materialistic is greatly prized. However, the fundamental element of the rural Indian psyche is its unwavering devotion in traditional religion, which accounts for the rejection of most western values. There's really no comparison to the nihilistic West. Furthermore, there is a strong mistrust of western attitudes and sex views in rural India.

DEMAND ANALYSIS OF RURAL INDIA

As of 2007, more than 60% of consumer expenditure in India comes from rural India. The rate of Expenditure growth in rural India remains to be 7%, which is not far behind of its urban counterpart. Though per capita income of rural India at \$530 is far below urban India, but the mere size which has three times more people as in urban India, makes rural market bigger in many categories. This is because of mere numbers. Mrs. Bijapurkar has given a convincing statistics "the attractiveness of rural India is provided by a simple Matric of NCAER data.

While the percentage of middle income households (that is, those earning between Rs.45000 and Rs.215000 per annum) in rural India, is about 18% the corresponding age of urban India is 58%. The number of middle income households in rural India, however, is 27 million, while the number in urban India has grown at exactly the same rate as in urban India for past ten years". The Indian Readership Survey Data for 2006 revealed that there has been considerable improvement in cable and satellite television access level. There are several emerging Technology -based services that enable rural services like banking, daily medicine and e- governance to become commercially viable.

Spending pattern of rural India vouches its preference for food-related expenditure. The food-related expenditure contributes to the 58.3% of total expenditure. For the top 5%, food vs non-food is fifty-fifty. For the bottom 5%, food's contribution is 65%. But the growth of food-related expenditure has been much slower than the growth of non-food expenditure. The fastest growing non- food expenditure categories are education and healthcare. Consumer durable is also growing fast, but FMCG expenditure share, however remains constant through 2017-2023.

The biggest dilemma about rural demand pattern is that it has some consumer doesn't and oases within it. Huge heterogeneity prevails over rural India. The following Exhibit 3 may illustrate the context in a lucid way.

In 37% villages having population up to 500, there is hardly any shop. On the contrary, 17% villages, having population from 2000 to 10000, account for 50% of the rural population and 60% of the rural wealth.

The major challenge before the companies is to manage the heterogeneity and create long term sustainable growth opportunity out of rural India.

Exhibit 3 : Profile of Villages		
Population	Distribution of villages	
	No. of Villages	Percentage of Total Villages
Less than 200	92541	15.6
200-500	127054	21.4
501-1000	144817	24.4
1001-2000	129662	21.9
2001-5000	80.13	13.5
5001-10000	18758	3.2
Total No. of Villages	593154	100

Source : Census 2001

(Paramita Sarkar is an MBA (in marketing) with around six years of experience with companies like Kingfisher, Revlon in the capacity of Business Development Manager, Regional Franchisee Executive etc. She is well conversant with sales management, brand promotion management etc. Currently, she is working with ICICI bank as Asst. Manager)

REFERENCES

1. Gold Man Sachs, *Dreaming with the BRICs The path to 2050, Global Economics Paper No. 99, 2022.*
2. TharoorvShashi, *India: from midnight to Millennium, Penguin books India 2019*
3. Bijapurkar Rama, *we are like that only, Penguin Books India, 2020*
4. *Census Report 2021*
5. Appadurai Arjun, *Modernity at Large: cultural dimension of globalization, University of Minnesota Press 2021*