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Chapter 6

Introduction to Walmart

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WALMART: LESSONS FROM THE WORLD’S MOST ADMIRED RETAILER

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Abstract

This Case study discusses how Walmart, a US-based retailer, expanded its operations globally and the lessons that can be learned from the most admired retailer across the globe. Walmart entered international markets in the early 1990s and has since become a global leader in the retail industry. It highlights Walmart's strategy of adjusting to local market conditions and tailoring its value proposition to meet the specific needs and preferences of customers in each country. Walmart also focused on developing strong logistics management systems, which helped it to economically manage its operations and maintain prices low. It also discusses many challenges Walmart faced when expanding globally, including cultural differences, regulatory issues, and competition from established local players. However, Walmart was able to overcome these challenges through strategic partnerships and acquisitions, as well as by leveraging its scale and expertise. Walmart's success in taking its business global offers valuable lessons for other companies looking to expand their operations internationally.

Keywords: retail, market, business, Walmart

Introduction to Walmart

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Walmart, an American global retail firm runs a series of grocery stores, hypermarkets, and discount department stores. Sam Walton established the business in 1962, and it has its corporate headquarters in Bentonville, Arkansas. With more than 11,000 stores operating under 56 distinct banners across 27 countries, Walmart is one of the biggest retailers in the world.

With more than 1.5 million people, Walmart is the largest private employer in the US, operating over 4,700 locations. Walmart, Amazon, and Costo are the top three largest retailers, respectively, according to Deloitte Global's "Global Powers of Retailing 2023 Report," which identified the 250 biggest retailers worldwide. Some of the milestones are mentioned in **Exhibit** The company's retail operations include Walmart Supercentres, Walmart Neighbourhood Markets, and Sam's Club membership warehouses. In addition, Walmart runs online stores in several nations, including the US, Canada, and the UK. Walmart's revenue surges 6.7% to

$611.3 bn in FY23. Walmart is renowned for its "Every day Cheap Pricing," and because of effective supply chain and inventory management systems, it has been able to keep costs down. In recent years, the business has recently placed a major emphasis on sustainability and social responsibility, establishing ambitious goals to lower its carbon footprint and use more

renewable energy.

Rise of Walmart

Several factors have led to Walmart's emergence as one of the biggest and most prosperous retailers in the world. Here are a few key factors that have contributed to Walmart's growth and success:

Founder's vision and business strategy: Sam Walton, the founder of Walmart, had a clear vision for his business from the beginning. He aimed to provide customers with a wide selection of premium goods at the most affordable costs. To achieve this, he focused on creating an efficient supply chain and inventory management system and strongly emphasized cost-cutting and operational efficiency.

Expansion and innovation: Walmart has continuously expanded its operations and entered new markets, both geographically and in terms of product offerings. It has also been at the forefront of innovation in retail, adopting new technologies and strategies to improve its operations and customer experience. For example, Walmart was an early adopter of RFID technology for inventory management and has also invested heavily in e-commerce and online retail.

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Large scale and buying power: Walmart's massive scale and buying power have allowed it to negotiate lower prices from suppliers, which it passes on to customers through its "Everyday Low Prices" strategy. This has helped it maintain a competitive advantage over other retailers and attract price-sensitive consumers.

Focus on customer experience: Despite its focus on low prices, Walmart has also been successful in creating a positive customer experience through factors such as friendly and helpful employees, clean and well-organized stores, and convenient store locations. This has helped it build a strong brand and customer loyalty over the years.

Business Model

Walmart's style of operation is based on providing a large selection of goods at the lowest possible prices to customers. Here are some of the key components of Walmart's business model:

Low pricing: Walmart's "Everyday Low Prices" strategy is at the core of its business model. The company focuses on reducing costs through operational efficiency and scale, ad passing on the savings to customers in the form of lower prices.

Efficient inventory and supply chain management: Walmart has created an extremely effective inventory and supply chain management system that enables them to move goods swiftly and affordably from suppliers to retailers. This helps Walmart maintain low costs and minimize waste.

Wide range of products: Walmart manages multiple categories, including groceries, household goods, electronics, and clothing. This allows the company to serve a broad customer base and compete with a variety of retailers.

Multiple store formats: Walmart operates a range of store formats, incorporating Sam's Club membership warehouses, Walmart Supercentres, and Walmart Neighborhood Markets. This allows the company to serve customers in a variety of settings and price points.

E-commerce: Walmart has made major investments in its operations recently. Its e-commerce operations include building its online platform and acquiring online retailers such as Jet.com.

This allows the company to reach customers who prefer to shop online and compete with other e-commerce giants like Amazon.

Community involvement: Walmart has also made community involvement and social responsibility a key part of its business model. The company supports local communities through donations and volunteerism and has established challenging sustainability objectives to lessen its environmental effect.

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Walmart's Retail Marketing Mix

A series of grocery stores, cheap department stores, and hypermarkets are all run by the international retail company Walmart. Its retail marketing mix includes the following elements: **Product**: Walmart provides a variety of commodities, such as food, electronics, clothing, household goods, and more. Its product mix is designed to cater to the needs of a diverse customer base.

Price: Walmart is known for its low-price strategy. The company offers everyday low prices and price rollbacks on select products. It also offers price matching to ensure customers get the lowest possible price.

Place: Walmart has a strong physical presence, with stores in almost every major city in the United States and worldwide. The company also has a robust online presence, with a website that offers online shopping and home delivery.

Promotion: Walmart uses a variety of marketing channels to promote its products. This includes traditional advertising such as TV commercials, print ads, and billboards, as well as digital marketing channels such as email marketing and social media.

People: Walmart places a strong emphasis on customer service. Its employees are trained to provide friendly and helpful service to customers, and the company offers a range of benefits and career opportunities to its employees.

Presentation: Walmart has a well-known reputation for its store layout and presentation of products. Some of the ways are Aisles, End Caps, Signage Boards, Merchandising, Product Placement, etc., which help, the customers in greater visibility and attract well.

Customer Service: Walmart employees are trained to provide friendly and helpful service to customers to increase customer loyalty and meet their satisfaction level. Some of the ways they follow are In-store Customer Service, Online Customer Service, Return Policy, Price Match Guarantee, Satisfaction Guarantee, Community Outreach, etc.

Challenges

Walmart has faced several challenges over the years, including:

Competition: Amazon, as well as other brick-and-mortar retailers like Target and Costco, are among the fierce competitors that Walmart must contend with. This has put pressure on Walmart to continue innovating and improving its operations to maintain its competitive edge.

Labor issues: Walmart has faced criticism over its treatment of workers, with some employees alleging low pay, inadequate benefits, and poor working conditions. This has led to high turnover rates and challenges in retaining skilled workers.

Regulatory challenges: Walmart is subject to a range of regulatory requirements, including environmental regulations, labor laws, and antitrust regulations. It can be expensive and time-consuming to comply with these rules and breaking them could result in consequences on the legal and financial fronts.

Reputation management: Walmart has faced criticism over its impact on local communities, including concerns over its effect on small businesses and local economies. The company has also faced negative press over issues such as product quality and safety.

Supply chain management: Walmart's complex and large supply chain can be challenging to manage, and the company has faced issues with product quality and safety in the past. The company has made efforts to improve its supply chain management and reduce its environmental impact, but these efforts can be expensive and time-consuming.

Overall, Walmart faces a range of challenges related to competition, labor, regulation, reputation management, and supply chain management. The company has made efforts to address these challenges, but they remain ongoing concerns for the business.

Road Ahead

Looking ahead, Walmart is continuing to focus on several key areas to drive growth and address ongoing challenges. Here are some key initiatives and opportunities for Walmart in the coming years:

E-commerce: Walmart is continuing to invest heavily in its e-commerce operations to compete with online retail giants like Amazon. The company has made several high-profile acquisitions, such as Jet.com and Bonobos, and is expanding its online grocery business. Walmart is also using its network of physical stores to offer a range of online ordering and delivery options.

Sustainability: Walmart is dedicated to minimizing its negative effects on the environment and has established challenging sustainability targets, such as obtaining all its energy from renewable sources and cutting greenhouse gas emissions throughout its supply chain. The company is also focusing on reducing waste and increasing recycling.

In-store experience: Walmart is focusing on improving the in-store experience for customers, including by re-modeling to make them more appealing and easier to navigate. The company is also investing in new technologies, such as autonomous floor-cleaning robots and augmented reality shopping apps, to enhance the shopping experience.

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Private label brands: Walmart is expanding its range of private label brands to offer more exclusive products at competitive prices. These brands can help differentiate Walmart from competitors and improve margins.

International expansion: Walmart is continuing to expand internationally, particularly in emerging markets like India and China. The company is also exploring new partnerships and acquisitions to expand its global footprint.

Overall, Walmart faces both challenges and opportunities in the years ahead. By focusing on e-commerce, sustainability, in-store experience, private label brands, and international expansion, Walmart is well-positioned to continue growing and competing in the retail industry. **(Exhibit 2)**

Conclusion

In conclusion, Walmart's global expansion has been a fascinating case study in the retail industry and provides valuable insights into the opportunities and challenges of expanding a business internationally. Through a combination of careful planning, local adaptation, and strategic partnerships, Walmart was able to establish a presence in several international markets, including Mexico, China, and the United Kingdom.

One of the key lessons from Walmart's global expansion is the importance of adapting to local market conditions. Walmart's success in different international markets depended on its ability to understand and adapt to local consumer preferences, cultural differences, and regulatory environments. This required a flexible approach that balanced standardization across stores with the need for localization to meet the specific needs of each market.

Another key lesson from Walmart's global expansion is the importance of building strong local partnerships. Walmart's partnerships with local businesses and suppliers were critical to its success in many international markets, as they helped the company navigate complex regulations and cultural differences.

Overall, Walmart's global expansion provides a valuable case study for companies seeking to expand internationally. By understanding the local market, building strong partnerships, and investing in human capital, companies can overcome the challenges of global expansion and achieve success in new markets.

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Exhibits

Exhibit 1 Milestones

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1962	**Sam Walton opens the first Walmart store in Rogers, Arkansas.**
1967	The Walton family owns 24 stores, ringing up $12.7 million in sales.
1969	The company officially incorporates as Wal-Mart Stores, Inc.
1970	Walmart becomes a publicly traded company. The first stock is sold at $16.50 per share.
1971	The first distribution center and Home Office opened in Bentonville, Arkansas.
1972	Walmart is listed on the New York Stock Exchange (WMT). With 51 stores, Walmart records sales of $78 million.
1975	Inspired by a visit to a Korean manufacturing facility, Sam Walton introduces the Walmart cheer.
1978	The first pharmacy opens.
1979	The Walmart Foundation is established.
1980	Walmart reaches $1 billion in annual sales, faster than any other company at that time. Walmart has 276 stores and employs 21,000 associates.
1983	The first Sam's Club opens in Midwest City, Oklahoma. Walmart replaces cash registers with computerized point-of-sale systems, enabling fast and accurate checkout
1984	Sam Walton does the hula on Wall Street, making good on a promise to associates after the company achieves a pre-tax profit of 8% for the previous fiscal year
1987	The Walton family establishes the Walton Family Foundation. The company installs the largest private satellite communication system in the U.S., linking the company's operations through voice, data, and video communication.

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1962	**Sam Walton opens the first Walmart store in Rogers, Arkansas.**
1988	The first Walmart Supercenter opens in Washington, Missouri, combining general merchandise and a full-scale supermarket to provide one-stop shopping convenience.
1991	Through a joint venture with Cifra, a Mexican retail company, Walmart goes global, opening a Sam's Club in Mexico City. First optical location.
1992	Rob Walton becomes chairman of the board. Walmart employs 371,000 associates in 1,928 stores and clubs.
1996	Walmart opens its first stores in China.
1997	The company celebrates its first $100 billion sales year.
1998	The Neighborhood Market format is introduced with three stores in Arkansas. Walmart enters the United Kingdom with the acquisition of Asda
2000	Walmart.com is founded, allowing U.S. customers to shop online.
2002	Walmart tops the Fortune 500 ranking of America's largest companies. Walmart enters the Japanese market through its investment in Seiyu.
2005	Walmart announces major commitment to environmental sustainability. • Create zero waste. • Use only renewable energy.

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	• **Sell products that sustain people and the environment.**
2009	Walmart enters Chile with the acquisition of a majority stake in D&S S.A. Walmart exceeds $400 billion in annual sales.
2011	Walmart expands its business into South Africa by acquiring 51% of Massmart Holdings Limited.
2020	Walmart and Sam's Club responded to COVID-19, turning parking lots into testing centers and sourcing PPE materials for frontline healthcare workers. Walmart launches the Walmart+ membership program to help customers save even more time and money.
2021	Walmart invests in drone delivery, fintech, and autonomous vehicles. Walmart launches Walmart GoLocal’s last-mile delivery service. Walmart launches Walmart Data Ventures.
2022	Walmart scales In-home Delivery reaching 30 million U.S. homes. Walmart celebrates its 60th Anniversary.

> Exhibit 2

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Walmart Museum	**Located in Bentonville, Arkansas, the Walmart Museum features exhibits that tell the story of Walmart's founding and growth, as well as the history of retail in the United States. Visitors can see a replica of the original Walmart store, as well as interactive exhibits that explore the company's values and business model.**
Walmart Innovation Centre	The Walmart Innovation Centre in Shenzhen, China, showcases cutting-edge technologies and products that are being developed by Walmart's team of engineers and designers. The center features interactive displays and demos of innovations in areas such as supply chain management, product design, and customer experience
Walmart Academy	Walmart's training facility for employees, known as Walmart Academy, features exhibits and interactive displays that teach associates about the company's values, history, and best practices. The academy also includes a simulated store environment where associates can practice customer service and operational skills.
Walmart AI Lab	The Walmart AI Lab in Sunnyvale, California, is a research facility that focuses on developing cutting-edge artificial intelligence technologies for use in retail operations. The lab features interactive displays and demos that showcase the latest AI innovations, such as autonomous robots and predictive analytics.

@@@@@@@@@@@@@@@@@@@@@@@@@@@@@@@@@@@@@ ##### Reaching the Unreached: Insurance Schemes FOR RURAL people

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Abstract:

India is one of the fastest growing economies of the world where more than 70 % of population lives in rural areas. Rural areas are the lifeline of our country, accomplishment of financial services in these areas is an inevitable one. Financial Inclusion is a topmost priority of the Government in recent days to enable country‘s inclusive growth. Financial Inclusion is the delivery of financial services at an affordable cost to vast section of disadvantaged and low income group of people. The extent of financial exclusion is still quiet huge in rural areas. Financial Inclusion like opening of bank accounts, access to digital money, availing of micro credit, insurance and pension were lacking. 110 million of country‘s population, only 20% of has any kind of insurance.

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Rural people are also highly excluded section in the Insurance market. Vulnerability is more in rural areas than urban areas, but they are largely unreached segment of Insurance. To cover these vulnerable sections of society, Insurance Regulatory and Development Authority (IRDA) has created a special category of insurance policies called micro-insurance. Jansuraksha, as an Insurance initiative with Government's Financial Inclusion step is one of the preceding sector to made inclusion in formal financial services. This paper entitles to give a glimpse on Government promotional measures of Micro Insurance and Jan Suraksha with rural people.

Keywords: Financial Inclusion, Insurance, Jan Suraksha, Micro Insurance, Rural people.

Introduction

India has the second largest population in the world, but the penetration of Insurance is very low. Only 20 % of country's population has any kind of Insurance. Rural people are also highly excluded section in the Insurance market. Vulnerability is more in rural areas than urban areas, but they are largely unreached segment of Insurance. To eradicate and remove disparity in the society, careful allocation of economic and financial resources could be guarantee only if poor are also bought under the umbrella of financial inclusion through the access to bank accounts and insurance coverage.To cover these vulnerable sections of society, Insurance Regulatory and Development Authority (IRDA) has created a special category of insurance policies called micro-insurance.

Micro-insurance is a key element in the financial services package for mass people particularly, for economically weaker sections of people. The potential of micro-insurance is very high, for a developing country like India where efforts made by the government to cover a major portion of population lives below poverty line. Making betterment of life for poor people is a vital for sustainable development. Building on the recommendations of the consultative group, IRDA notified Micro-Insurance Regulations on 2005 with some key features to promote and regulate micro-insurance products. Jansuraksha, as an Insurance initiative of Indian government's financial inclusion scheme to cover all low income group people like unorganized sector workers, farmers etc., in come to the domain of formal financial services.Jansuraksha covers both accident and life insurance scheme to the vulnerable sections of society unorganized sector

worker at an affordable cost of low premium.

Literature Review

Christina Blanchard-Horan and Michael J. McCord (2007) explain the concept of Micro insurance as "Microinsurance,in general, is the protection of low-income people against specific perils in exchange for regular premium payments proportionate to the likelihood and cost of the risk involved. Low- income people can use micro insurance, where it is available, as one of several tools to manage risks."

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Subir Ghosh (2008), while explaining the concept of rural insurance says that rural insurance helps to safeguard rural income against probable danger involved in rural activities. Insurance business is spreading mainly in urban areas. But in rural areas, income generating activities like agricultural operations, livestock productions etc. for survival of human being are very much dependent on various unpredictable factors or risks like flood, drought, and storm, earthquake etc.Therefore rural activities need protection and should come under insurance coverage. In this context, the concerned government either should provide protection to the rural people directly or should encourage private or foreign insurers to bring the rural population under the insurance coverage in safeguarding their income.

Ponreka and Rao (2009) revealed that Insurance is the best form of fortification against risk that has been formulated by man. Since its emergence, insurance has become unavoidable to every aspect of human life from health disorders to building properties, from household articles to multimillion - dollar projects.

Chandhok (2009), Micro insurance is a vital tool to eliminate poverty, as the logic behind it is that it helps to climb the economic ladder. It is designed specifically for the poor in developing countries, who are either self employed or employed in small firms and do not have access to insurance products. The people BPL (below poverty line) need financial tools to protect themselves and their families against perils like illness, death, weather etc.

Private health expenditure constitutes 81% of total health expenditure in India of which 94% is paid for out of pocket (Berman et al., 2010). Less than 15% of the population is covered by health insurance (Berman et al., 2010; World Health Organization 2012). The absence of pre-financing arrangements for health care exposes many households to financial hardship when confronted with ill-health, or causes them to forego care altogether (Bonu et al., 2009; Binnendijk et al., 2012; Murray et al., 2012). The impoverishing effects of catastrophic health care expenses have been highlighted by Devadasan et al., (2006).

Research methodology

This study is descriptive in nature. The data used for the study is secondary in nature and has been collected from various reputed journals, newspapers and Brochure of Pradhan mantri Jan dhan yojana, Jan Suraksha website.

Importance Of Insurance with Rural people

Insurance is a form of risk management used to protect oneself against an uncertain loss. Risk is inevitable in everyone’s life. Risk may be in the form of loss of life, loss of property, High cost of health etc. A human being cannot avoid all these risks. But through proper mechanism

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loss can be reduced or compensated in one or another form. Insurance is the one way which helps us to get protection against various types of losses.

A well developed insurance sector has both micro implications for households and macro implications for the economy as a whole. At the household level, insurance serves as a tool for addressing risks as opposed to coping with a disaster after an unfortunate event has occurred. At the macro level, insurance provides long term funds that can be used for infrastructure development (UNDP.2007) Prahlad.C. K highlighted the importance rural market in his “bottom of pyramid “inspired by researchers to concentrate on rural market especially in India. The reason is India has 70% of rural population its huge compare to other developing countries.

Rural people are not much aware and enrolled Insurance policies. The rural scenario in India today, provides a greater opportunity than the urban markets. The increasing rural-urban connectivity, basic nature of rural economy and the rural market has undergone fundamental transformation (Anabil Bhattacharya .2008). The changing behaviours and attitudes of the rural people, rural industrialization paves the way for regular income with rural people which lead to saving and investment attitude with them. The savings and financial institutions are getting tremendous growth for investment potential. There is lot of institutionalization of savings. Opportunities in the rural market are wide and huge.

Micro Insurance

Micro insurance has the ability to change the economic condition of millions of people.While insurance companies target only those who can pay easily, Micro insurance targets those who need it the most, i.e. those at the bottom of the pyramid. The population at this segment is just about making ends meet. Micro insurance is a risk protection made particularly for the Bottom of the Pyramid. Micro-insurance is relatively a new term referring to insurance services that are specifically aimed for the poor, delivered through a nodal agency (as in the case of micro-credit), which involves modest premium and coverage amount. Micro-insurance is also referred to as community based insurance (Ahuja.2005)

Insurance Regulatory and Development Authority (IRDA) has created a special category of insurance policies called micro-insurance policies to promote insurance coverage among economically vulnerable sections of society especially with rural people. The IRDA Micro-insurance Regulations, 2005 defines and enables micro-insurance. A micro-insurance policy can be a general or life insurance policy with a sum assured of Rs.50, 000 or less.

A general micro-insurance product could be

Insurance coverage should be either on an individual or group basis

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There is flexibility in the regulations for insurers to offer composite coverage or package products that include life and general insurance covers together. Micro-insurance business is done through the following intermediaries:

- Non-Governmental Organizations
- Self-Help Groups
- Micro-Finance Institutions

Micro insurance is a crucial part of the financial services needed by the poor in developing countries, and includes life, health, agricultural and property insurance. Unpredictable events, such as illness, accidental death or disability can bring devastating consequences to poor

households, particularly in developing countries. Worse, entire communities face upheaval from catastrophes such as droughts, tsunamis, hurricanes and earthquakes in areas without protections from the government and private sector that are readily available in developed countries. Micro insurance can help the poor—and the tenuous markets in developing countries—recover if one of these events occurs (Maria and sidhu .2009)

Jansuraksha

The Indian Economy is characterized by the existence of a vast majority of informal or unorganized labour employment like farmers,agri labours in rural areas etc.,

Pradhan Mantri Suraksha Bima Yojana (PMSBY) Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

Pradhan Mantri Suraksha Bima Yojana (PMSBY)

India's population only 20% of has any kind of insurance; this scheme aims to increase the number. Pradhan Mantri Suraksha Bima - Yojana is a government backed accident insurance scheme in India. Pradhan Mantri Suraksha Bima Yojana is available to people between 18 and 70 years of age with bank accounts. It has an annual premium of Rs.12. Progress of PMSBY (as on 30.01.2016)

Source: http://www.jansuraksha.gov.in/

Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

Pradhan Mantri Jeevan Jyoti Bima Yojana is a government backed Life insurance scheme in India. Pradhan Mantri Jeevan Jyoti Bima Yojana is available to people between 18 and 70 years of age with bank accounts. It has an annual Premium of Rs.330. Progress of PMJJBY Enrolled in Rural areas 14, 694,930, in urban 14,676,313 (as on 30.01.2016)

Source: http://www.jansuraksha.gov.in/

This Insurance drive is billed as 'Jandhan to Jansuraksha.'

Findings and Suggestions

Rural People much enrolled in Jan suraksha schemes than urban people. In Jan Suraksha scheme Pradhan Mantri Suraksha Bima Yojana higher number of enrollment than Jeevan Jyoti bima yojana due to low amount premium. Health Insurance schemes are not available with Jan Suraksha scheme.

The penetration of insurance with rural people in India by innovative product design for rural, effective and lower-cost distribution channels, awareness, access and affordability.

Conclusion

Rural people also inseparable and integral part of the economy, Insurance availability of this sector may help them come out in emergencies positive way. The rural market is vibrant and holds tremendous potential for growth of insurance business, particularly because of the strong saving habit. Rural population is a pillar stone of our economy, extending the financial services to them will be the key drive towards an inclusive growth.

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