

## E-Commerce in Rural India and Challenges

**Smt. Manda Savithri**

Assistant Professor of Commerce

Nagarjuna Government College (A), Nalgonda, Telangana

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### Abstract

E-commerce in rural India is experiencing a boom, which can be attributed to the increasing use of internet and smartphones as well as the digital initiatives undertaken by the government. This growth has created new markets for local artisans and farmers, but it is also confronted with challenges such as inadequate infrastructure (roads, power), low digital literacy, a lack of trust in online transactions (which favours cash on delivery), language barriers, and the need to adapt platforms to meet local needs. In order to fully unlock its potential, it is necessary to place an emphasis on digital skill training, localized content, and improved logistics. E-commerce, or the buying and selling of products and services on the Internet, is fast changing India's economy, especially in the country's rural regions. With a focus on the significance of rising internet and smartphone penetration in opening up access to online marketplaces, this study delves into the main forces propelling India's booming e-commerce sector. This research, which relies on secondary sources including publications, journals, reports, and conference proceedings, shows that e-commerce is one of India's most dynamic and promising industries, with tremendous room for expansion. There has been a marked increase in investment in India's e-commerce sector, and experts believe that this trend will continue. The tendency is further highlighted in the joint study by ASSOCHAM and Forrester, which predicts that online sales would increase from \$30 billion in 2016 to \$120 billion in 2020, a 51% yearly growth rate. Rising demand for digital services, shifting consumer tastes, and government programs to bring internet access to underserved regions are all factors propelling this growth.

### 1. Introduction

For the majority of people who are interested in e-commerce and who are hoping to be entrepreneurs, the rural market in India provides untapped potential to become the leading market. Nothing has been done to encourage the distribution of rural commercial products inside the geographical bounds of India since the country gained its independence. The acceleration of the growth of commercial firms and e-commerce enterprises in rural areas is therefore an urgent necessity that must be met at this very moment. Over seventy percent of the Indian population resides in rural areas or villages, making India one of the most varied countries in the world. India has become one of the most diverse countries internationally. The agricultural products and the common crops that are grown by the people who live in rural areas are the primary sources of income for those who live in rural areas. India's agro processing industry has been gaining momentum ever since the country won its freedom. It is responsible for fifty percent of the total economy of the country, and a sizeable section of the population is employed in the agricultural sector, which is the primary source of income for them. The fact that India has not experienced the quick expansion and development of agribusiness and agribusiness is a troubling truth. This is due to the fact that the majority of the people who have survived in rural areas have small plots of land that are geographically distant from them. After all, they are not very well-versed in the modern farming procedures and techniques that are currently in use. Furthermore, they do not possess the appropriate facilities to make use of them to the full extent of their capabilities.

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The effective utilization of agricultural potential is a significant factor in the expansion of the economy and has the potential to ultimately result in the establishment of an economy that is based on agriculture. The expansion of the agricultural sector, which has been the primary source of growth that has taken place in recent times, is going to be the primary driver of development. India comes in second place with a score of zero, as stated by IAMAI. Users of the Internet total 451 million people who are actively using the internet. The urban and rural areas are also included in this total estimate. The number of individuals who use the internet has greatly expanded as a result of a number of government programs that are tied to the larger picture of digital villages, which are places where the greatest number of people will be able to take use of internet facilities.

## 2. E-Commerce in Rural India

As a result of the widespread adoption of online shopping in recent years, e-commerce is experiencing growth in rural areas of India. The vast majority of individuals have a tendency to purchase various forms of community and enjoy various services via the use of online platforms. Not only is this behaviour confined to metropolitan regions, but it also has significant repercussions in rural areas of India. The percentage of people who have access to the Internet and mobile phones is significantly higher in rural areas of India. The government of India has not been shy about establishing a connection between all of the villages and small towns in the country using fibre optic cables in order to monitor the huge amount of digitalization that is occurring in India. When it comes to this matter, the objective of the government of India is to make sure that people who live in rural or remote sections of the country have access to the advantages that come with using online services. According to the sales figures that have been accumulated over the course of the last few years, the expansion of e-commerce has been simply spectacular. In the year 2018, the total sales that were made through e-commerce as a media aspect of the company's success. Over the course of the past few years, the nation has witnessed a substantial shift in the manner in which large e-commerce companies such as Flip kart, Amazon, and others have expanded their operations into rural areas and villages. There is now the potential for those who live in rural areas of India to have their way of life altered. They manage to acquire all of the brands that are accessible in a single store with little effort. New opportunities to sell products online are made available to shopkeepers and small industries in rural India through the use of e-commerce. These opportunities provide a path for the expansion of their businesses and help them sell more products. People in rural areas of India now have the ability to access the things they desire at the place of their choosing thanks to the availability of internet facilities in those locations. This has made it possible for customers in rural areas to adopt a different and more desirable way of life, and it has also enabled firms that engage in e-commerce to build enormous customer bases by catering to the requirements of individuals who live in rural areas of India. Postal services in India have the ability to connect a wide range of locations around the globe. The journey of its growth and development is one filled with joy. It has taken up residence in the most inaccessible regions of India. There are about 1,55,000 post offices located in rural places that are connected to ensure that clients receive their orders regardless of the distance between them. In this much-needed area, the e-commerce business has demonstrated its dedication to assisting our nation in its efforts to digitize itself through the use of logistics. Over the course of the previous two years, India Post has formed partnerships with over 400 online shopping companies. Within the community, particularly in rural areas, social reform has been envisioned as a result of e-commerce. In rural areas, the majority of individuals who use the internet are under the age of 25. This means that young people have a new possibility to obtain more helpful items at their call, which not only alters their way of life but also helps them build trust and creates new prospects.

## 3. Present E-Commerce Bodies Working in Rural India

India is in the forefront of helping to shape the global economic structure in the modern world, which is characterized by rapid change. It has come to the attention of the world that India's economy has been growing. Rural India is making progress toward achieving its goals, which include the sanitization, electrification, and digitization of panchayats. This progress is being made in conjunction with all-around improvements within the regions. This is a perfect illustration of how inclusive growth and communal efforts may flourish. The empowerment of local businessmen, which includes the empowerment of adjacent retailers, has the potential to ensure the upward thrust of the rural financial system to its highest point. The standard of living of our consumers in rural areas will also increase as a result of this. Even after all of the hard work that has been put in, there are still a lot of obstacles that need to be

overcome in order to empower our local retailers. These obstacles include price-sensitive markets, cash-collected markets, restricted access to financing and technology, as well as difficulties in logistics and last-mile connectivity.

- **Store King**

Over 40,000 retailers in ten states have benefited from Store King. The best and most significant player in the technologically advanced rural distribution community is Store King. It recognizes the impact of a kirana owner's reach and his customers' comprehension. This platform collaborates with owners of kirana shops to unlock their business potential. Boon Box: Boon Box is a tech-assisted rural consumer platform that addresses the issue of retail product affordability and accessibility for over 150 million rural consumer households by establishing an ecosystem that includes financial services companies and brands, both of which are typically unavailable in rural towns and villages. Currently, this platform is active in more than 16 states and 3 lakh villages.

- **Mahila E-haat**

This one-of-a-kind online marketplace, known as Mahila E-haat, helps women become more economically and socially independent. Now that this website has been launched, it is expected that more than 125,000 women will profit from it. It is anticipated that a paradigm change will occur, which will make it possible for women to have an excessive amount of control over their financial situation by utilizing technology. Rural malls, also known as Chau pal Sager: These shopping centres provide a wide variety of products, ranging from fast-moving consumer goods such as groceries, personal care items, cigarettes, branded garments, education and stationery supplies, incense sticks, and safety matches to technological gadgets and automobiles.

- **E-Choupal**

Debuting in the year 2000, E-Chou pal has grown to become the biggest rural development program in India, enabling four million farmers in more than 40,000 villages spread throughout ten states (Kerala, Madhya Pradesh, Andhra Pradesh, Rajasthan, Uttarakhand, Uttar Pradesh, Uttar Pradesh, Haryana, and Maharashtra). Designed specifically for farmers, E-Choupal is an online e-procurement platform that gives them access to comprehensive data on agricultural productivity and best practices. This approach serves as a network for ITC's marketing of food and fast-moving consumer goods products.

#### **4. E-Commerce Impact on Rural Economies**

**Employment Growth:** E-commerce generates employment prospects in remote areas, which contributes to the growth of employment. It does away with the traditional geographical boundaries, making it possible for people to work for international firms without having to relocate. This digital revolution has made it feasible to create jobs in a wide variety of fields, including customer service and logistics management. The necessity for storage and delivery services by e-commerce enterprises has resulted in an increase in employment opportunities in smaller villages. It is common for people who live in rural areas to acquire new skills in order to satisfy the requirements of online commerce. Data analysis, management of e-commerce platforms, and digital marketing are some of the areas in which they acquire experience. Both the employability of each individual and the total capacity of the workforce in rural areas are improved as a result of this type of skill development.

**Income Sources:** The emergence of new avenues of income made possible by the rise of e-commerce has been a powerful factor in the fight against poverty. Without the need for costly intermediaries, artists and farmers may sell their wares directly to customers all over the world. Those living in rural areas may rest assured that their livelihoods will be secure and their revenues will rise thanks to this direct sales strategy. By leveraging online platforms, local firms can expand their reach and tap into areas that were previously inaccessible owing to geographical constraints. More money stays in local areas thanks to internet sales, which means more opportunities for economic growth and stability.

**Economic Revitalization:** Case studies illustrate how e-commerce plays a significant role in the revitalization of rural economies. On the other hand, online enterprises are emerging to restore economic vitality in regions where traditional sectors have been negatively impacted. As an illustration, small manufacturers located in remote areas may now

contact customers all over the world by utilizing e-commerce platforms, which has led to the rise of their businesses and the improvement of their communities. One particularly noteworthy example is a community that was able to revive its economy by selling handcrafted goods on the internet. Because of the spike in online sales, significant income was generated, which allowed for the improvement of local infrastructure and the creation of employment prospects for local citizens. This achievement exemplifies the significant impact that businesses operating online may have on the economic well-being of communities located in remote areas.

## 5. Challenges in E-Commerce Businesses in Rural India

- **Internet service is inefficient and incompetent**

E-commerce enterprises in rural parts of India are unable to function properly because internet services in the majority of rural areas within the geographical boundaries of India are inefficient and incompetent. In a broader sense, just 18% of the population that lives in rural areas has access to the internet. This has become a significant obstacle for e-commerce and has an impact on the sustainability of the industry in rural areas. It is a struggle for the time being, despite the fact that the rate that was described above will increase in the years to come.

- **Lack of Trust**

A lack of trust makes it hard for most individuals in rural India to place bets on things sold online. This is due to a number of factors, including concerns about product damage or theft, difficulties with returns, and other similar issues. Hence, before venturing into India's rural areas or villages, any firm worth its salt must lay the groundwork for trust.

- **Inadequate transportation infrastructure and difficulties with connectivity**

The lack of adequate transportation infrastructure in the majority of rural locations across the country is an even more significant and challenging obstacle. Products that are delivered to metropolitan regions within a few days will take several weeks to reach the rural address (and this is only the case if the delivery is made to a specific space at the first location). Nevertheless, on the bright side, businesses who engage in e-commerce frequently have a solid comprehension of the demographics of India's rural areas. They work together with the government of India and the communities in the area to seize this enormous portion of the market that has not yet been filled.

- **Currency Challenge**

One of the biggest problems that most ordinary e-commerce companies in India encounter is the currency barrier. Laws governing the export and import of goods vary from one country to another. Consequently, issues with credit card limits and exchange rates control the fluidity of all online purchases, which has a detrimental impact on e-commerce operations. Now, in order to make things easier for customers, the e-commerce site is being developed to accept multiple payment alternatives.

- **Lack of Awareness**

Due to a lack of awareness, many people in rural areas of India are not aware of the process of shopping online, which presents a hurdle for businesses. As a result, there ought to be a procedure for raising awareness about the purchase of things online.

- **Personalization is a challenge**

A problem is presented by personalization, which is without a doubt one of the most significant challenges that domestic e-commerce vendors are currently confronting in light of the fierce rivalry that they face from retail establishments. Despite the fact that India is a growing nation, many people still prefer to shop at retail establishments since they are able to personally inspect things before making a purchase. On the other hand, retail establishments possess a unique selling proposition that is regarded as being difficult to replicate through the use of online sales.

## 6. Conclusion

In addition to shedding insight on the existing condition of e-commerce, the study also throws light on elements that may play a crucial influence in the growth of e-commerce, particularly in rural and distant locations. E-commerce is seeing a boom in recent years as a result of the widespread availability of the internet. However, there are a number of fundamental obstacles that are preventing the rapid growth of e-commerce and preventing it from reaching remote and rural areas. These factors include a low literacy rate, a slow internet speed, transportation, modes of payment, and security concerns. According to the statistics, the majority of people living in rural areas continue to engage in the practice of purchasing and selling things at the local market. As an example, rural areas require easy guidance, transparent information regarding products and their delivery time, easy mode of payment, and cash on delivery is more preferable in rural regions because people in rural areas are reluctant to use mobile or internet banking. These are some of the implications and recommendations that can help to improve rural e-commerce. Through the use of village promoters, e-commerce enterprises are able to supply the merchandise. Instead of delivering things to houses in rural areas, these e-commerce businesses transport them to a village centre, where locals may pick up their orders. This is the concept behind the notion. Electronic commerce, on the other hand, can be used in conjunction with rural retailers; with the assistance of these retailers, businesses are able to effortlessly manage orders and delivery in a local setting. In addition, the availability of apps in regional languages will also contribute to the growth of e-commerce in rural areas. By implementing these consequences, we will be able to improve the quality of services provided in rural areas and achieve greater success in rural e-commerce. Without a shadow of a question, India is one of the countries with the fastest expanding e-commerce industry. If it is able to overcome obstacles, it will be able to perform more effectively on a global level by linking the rural population, which will be beneficial for the "Digital India Program." On top of that, it will cater to the rural areas of India, which are the true India.

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