

PROCESS AND PROBLEMS OF E- COMMERCE IN RURAL AREAS OF INDIA

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Abstract

Today, the technology has reached all the villages and remote locations in India successfully. Conversely, those living in urban areas have better technical access and effective environment to utilize such resources available. However, there is a need to understand the challenges of selling to the consumers who doesn't have access for the same and may stand as deterred concept for them. E commerce or any other related industry solemnly needs to create a good balance between both segments of the population. This paper attempts to understand the process of creating your own e-commerce business, to identify various challenges faced by retailers and also to understand the working methods of pre-existing bodies related to e-commerce in rural areas.

Keywords: E-Commerce; E-tailing; online shopping; internet; urban and rural India.

INTRODUCTION

Electronic commerce, normally known as E commerce, is a platform where number of users can buy and sell goods and services over electronic frameworks i.e. internet and other personal computer systems. It refers to both online transactions and electronic transactions.

Now a days, e-commerce is the word that rules the business. The popularity of e commerce has increased tremendously because of its fast and convenient way of exchanging goods at regional and global level. Thousands of business units want to join online business in order to utilize the potential of the internet for reaching a wider audience. E commerce has enveloped our lives in such a way that it has become a necessity rather than a passion. E commerce industries have shown remarkable growth in a short period of time. Day by day this industry is booming at rapid pace due to demand of online shopping. In today's time, everyone is looking to buy things online because of lack of time and reasonable prices offered by sellers retailing their products. The scope of E commerce sector is huge in all product categories such as essentials, grocery, mobiles, fashion, electronics, home, beauty, electronic appliances, toys and baby, utensils, FMCG, gift items and many more.

PURPOSE

1. To know the process of creating your own e- commerce business.
2. To identify the challenges before retailers.
3. To clearly understand the working methodology of pre-existing bodies in rural areas.

SCENARIO OF E-COMMERCE IN RURAL INDIA

Our country has around 736 districts (as of 2020) and approximately 600000 villages under parameters like income levels, literary levels and accessibility. The total number of rural households is expected to rise in coming years, giving a tremendous push to rural retail

opportunity. Remote areas in India increasingly reflect the changing consumption pattern, improved infrastructure, more access to communication and information technology and growing purchasing power.

According to Confederation of Indian Industry (CII), "The Indian retail market has been ranked the second most attractive emerging market for investment after Vietnam in the retail sector by AT Kearney's seventh annual Global Retail Development Index [GRDI] in 2008." The share of retail trade in the country's gross domestic product (GDP) was between 8–10 per cent in 2007. It is currently around 12 per cent, and is likely to reach 22 per cent by 2010.

A McKinsey report 'The rise of Indian Consumer Market', estimates that the Indian consumer market is likely to grow four times by 2025.

Commercial real estate services company, CB Richard Ellis' findings state that India's retail market is currently valued at US\$ 511 billion. Banks, capital goods, engineering, fast moving consumer goods (FMCG), software services, oil marketing, power, two-wheelers and telecom companies are leading the sales and profit growth of India Inc. in the fourth quarter of 2008-09.

PROCESS OF STARTING YOUR OWN E-COMMERCE BUSINESS

1. Find products that will sell

Anyone can start an e-commerce business today. For this your first step is to identify your niche in a market. This is the biggest challenge faced by many organizers. You should decide what you want to sell and it may be anything from any industry. Also try to answer of arising questions like why you have decide to serve this market , what are the benefits your products are going to serve, etc.

2. Product sourcing

It refers to the process by which a business gets the products to sell. There are various ways by which business source their products. Most of the sellers try to adopt combination of methods which includes wholesalers, custom manufacturer or produce the products on demand- whichever is right for them.

3. Supply chain management

This is also known as drop shipping. Drop shipping refers to a product sourcing model in which the retailer does not keep inventory in stock. There is no need to spend money on warehousing space and packing materials. The retailer transfer the customer orders and shipment details directly to the concerned manufacturer and then the manufacturer directly ships the goods to the customer.

4. Building a website

Getting online is much better today. Once you have laid out your business plans and ready to get going, now it's time to build a website. The best way is always to use software that will bring all the tools at one place and work well for businesses of any size. This step is the challenging one. You have to do a lot of work here.

5. Website marketing

Marketing of website is an essential part of e-commerce business. It is extremely important to raise brand awareness and add customers to your store. Before you launch your website, you should have a plan for marketing.

6. Social media marketing

Now these days, Social media marketing is extremely popular platform which connects the business with wider audience. Various platform like Facebook, Instagram, YouTube, Blogging, Twitter, etc. are majorly involved at this moment. Before you think to dive in on social media, don't forget to work on your marketing strategy.

7. Advertising

Advertising aims to sell a product or service and helps to reach a wider audience. Consumer search for what they need and then compare the result across multiple business with the help of search engine.

8. Payment methods

Another important aspect is to choose the suitable payment gateway for the business. It should always be based on the needs of the customers and the business.

9. Shipping

Shipping is the essence of e-commerce business. It is important to find the best shipping service which fits the needs.

10. Security

Online shopping websites collect many relevant information about customers. It's the website owner's responsibility to ensure that all the related data will remain safe and secured. Therefore, security is must for websites.

CHALLENGES BEFORE RETAILERS

1. Product related issues

Needs of rural customers are little different from urban customers. Advancement in the pre-existing products to create a new genesis is required.

2. Price related issues

In rural areas people are having irregular income. Rural consumers are more sensitive towards price and incapable to possess the right expenses to costly products. The pricing must be in line with the expectation.

3. Transportation related issues

Infrastructure facilities are inadequate in rural setups. Hence, distribution of the manufactured products requires a resource and money investment intensely.

4. Advertising related issues

Advertisement for promotion of services, marketing messages, product messages etc. still remains controversial. For rural areas wall writing, bullock cart panels, pamphlet distribution are some good options for communicating with customers.

5. Linguistic related issues

Language is the key barrier. This required dismantling the information hierarchies whichever is required by the companies in order to perform effectively in spite of the linguistics barriers. Firms will need to consider e-commerce development with vernacular languages so that they are able to communicate with the target audience's in their local languages.

6. Warehousing related issues

This problem is often overlooked. Online retail stores have become popular like never before, and a major reason for their popularity is the convenience of placing order from the comfort of your home and getting it delivered to your doorstep within a stipulated timeline.

PRE EXISTING BODIES WORKING IN RURAL INDIA

In today's fast changing world, India is at the center stage enabling the global economic structure. The world has been noticing India's economic development. Rural India is on its path to success with all round development in the areas such as sanitization, electrification and digitization of panchayat. This is a true example of collective efforts and inclusive growth. Local businessmen such as local retailer's empowerment can ensure the rise of rural economy to its top. This will also improve the living standard of our rural consumers. There's a lot of challenges in empowering our local retailers even after all the hard work such as price sensitive market, cash collected markets, limited access to capital and technology and challenges in logistics and last mile connectivity.

Few websites that are working in remote areas in India are as follows;

- **Store king**
Store king have successfully touched the lives of 40000+ retailers covering 10 states. Store king is the biggest and the only player in the technologically driven rural distribution network space. It understands the power of a kirana owner's reach and his consumers understanding. This platform works with kirana store owners and tap into their market potential.
- **Boon box**
Boon box is a tech assisted rural consumer platform solving the problem of accessibility and affordability of retail products for the more than 150 million rural consumer households by creating an ecosystem comprising of brands and financial services firms, both of which are usually not available in rural towns and villages. This platform is currently engaged in 16+ states covering 3 lakhs villages.
- **Mahila E-haat**
This unique e platform strengthens the socio economic empowerment of women. With the launch of this site more than 125000 women are likely to benefit. It is expected a paradigm shift enabling women to excess control over their finances by leveraging technology.
- **Chaupal Sagar aka Rural malls**
These malls offer diverse range of products from fast moving consumer goods comprising foods, personal care, cigarettes, branded apparel, education & stationery products, incense sticks and safety matches to electronic appliances to automobiles.
- **E- Choupal**
E- Choupal was launched in 2000 and become the largest rural development initiative that empowers four million farmers in over 40000 villages across 10 states (Tamil Nadu, Kerala, Maharashtra, Karnataka, Andhra Pradesh, Rajasthan, Uttarakhand, Uttar Pradesh, Haryana and Madhya Pradesh) . E Choupal is a web based e procurement solution that provides broad information on crop yield and farming practices targeted at the farmers.

ITC use this model as a network for marketing their range of products in the food and FMCG sector. Following are the reasons which make this concept a big hit with the farmers:

1. Farmers can obtain information about offer prices on the site and make an independent decision about where they want to sell their produce.
2. This system gave the farmer an option to sell his produce to ITC anytime they wanted.
3. Full transparency in the system.
4. The E choupal system is multilingual.

5. Degree of ownership is very high; the entire system is used by the villagers with the sanchalak (Coordinator) himself being another villager.

- Hariyali bazaar

This kisan bazaar provides farm related inputs and services. Hariyali bazaar is presently operating in 6 states with 37 outlets. This kisan bazaar aims to provide ground level support to the Indian farmers in order to improve the productivity and profitability.

CONCLUSION

E-Commerce is becoming an integral part of our lives. E-Commerce is changing the way exchanging goods and services. It is responsible for creating new business opportunities in urban as well as rural areas. In spite of so many advantages many challenges still lie to capture the rural areas which need further development. Many players of E-Commerce still failed to reach many rural areas due to numerous reasons.

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