

E- Commerce and Rural Economy

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Abstract:

In the era of Artificial Intelligence and Technology driven economies the powerhouse of economic development is shifted from agriculture to technology. One of the major part of worlds development go through heavy use of technology-based service sector. If we look at the Indian economy, around 55% of the GDP Share comes from service sector. The modern approach of market was tremendous revolutionary in nature. The traditional method of fulfil need of consumer is to produce, and sale through different stages and canales with the use of intermediate. But in now days the business to consumer model gets more attention. In India the worlds giant companies enter in the market to sales the goods and services direct to consumer from production house. In primary stage these e commerce companies only focus on urban areas which is just around 25 % of total population area. But in now days the phase is changed as per increasing competition. Now the e commerce inters in rural area with big force to catch the new fish. In these phenomena the not only private sector the public sector also competes the market with their services

In this research paper the main focus is on how the e-commerce works in rural India.

Keywords: E-Commerce, Digital Economy, Public Sector, Consumer.

Introduction:

India is one of the largest prospective consumer markets in the World. The high no of middle-class consumer base which characterised by purchase goods and services as per their income in verities, leads to increase in no of service provider. The digital connectivity revolution in India leads to attach the economy to the world economy. the diversify consumer base attract many international giants to invest their money in the Indian economy. Many of the companies use consumer data collected from their resource for digital marketing. The first e commerce phase started in India in 1995 when the internet service was provided by the companies. After Economic revolution of 1991 the MNCs came in India with their goods and services. And with the help of internet the scale of these companies was flourished in the economy especially in urban area.

If we classify Indian economy in two major parts named Urban and Rural economy, we clearly seen that each economy was based on different core segment. Low-income level, low purchasing power, low literacy rate, traditional markets, inadequate social facilities was characterised by the rural economy. these problems also faced by the e-commerce companies to reach in rural areas hence in first ten to fifteen years of e-commerce the rural area is just ignored. But in recent changes in internet penetration, rural banking, infrastructure development, market connectivity increased by

government projects along with private players. These lead to heavy increase in e-commerce transaction in rural area in recent years. Due to different government initiatives like e-governance, digital services, free hand to 4G, 5G internet facility the e-commerce companies are in the strong position to increase their scale of market.

Meaning Of E-Commerce:

E-commerce is the buying and selling of goods and services over the internet. The electronic gazette's ware used to perform the transaction. It consists of computers, tablets, smartphones, and other smart devices. In current situation every good and service we can by through these types of marketing chains. The e-commerce companies use B-B, B-C, C-C, C-B Models of marketing

Objectives Of The Study:

The study has following objectives:

1. To study the history and current situation of e-commerce in Indian economy
2. To study the opportunities of E-Commerce in Rural sector of India.
3. To identify the challenges faced by E-Commerce in Rural Sector.

Research Methodology:

This research paper is descriptive in nature. The secondary data will collect from various websites, research articles, books and statistical reports

History and milestones in e-commerce revolution

1. 1995- the internet service was firstly provided in India.
2. 1996- First B-B (India Mart) Directory was launched in India
3. 1999- First e-commerce company – Fabmart K. Vaitheeswaran
4. 2005- First e booking for air traveling was launched.
5. 2005-06- eBay acquired Baazee.com and entered the fledgling India market
6. 2006- First OTA (Online Travel Agent) started by Indigo and Spice Jet
7. 2007- Flipkart by Sachin and Binny Bansal
8. 2010- Bulk or group purchase was started
9. 2012- India Postle Services started IT changes for delivery.
10. 2012- International Brand Amazon
11. 2013 -Myntra offers one hour delivery promise in Delhi
12. 2023- more than 19000 companies operated from different websites

Forces that create new Indian rural market.

1. **Change in income level-** The per capita income of rural India is 40925 in 2011-12 which increase around 160,230 which leads to create new demand
2. **Change in purchasing power** – Increase in income level leads to change in purchasing power. People need more goods for fulfil their desire of luxurious goods

3. **TV, News Paper, Films, etc. impact** – increase in income levels leads to purchasing electronic gazettes in the house. The personalized home theatre i.e. TV create easy penetration of advertisement and new trends in different sense. People ware always curious about urban lifestyles. Due to these films and serials urban lifestyle ware easy to copy in rural area. Hence there is increase in purchasing new and trendy goods and services through e-commerce
1. **Increase in Infrastructural Development:** the road connectivity, new market created by government and private sectors, lead to filling in the gap between both markets, it is easy to transport the goods and services through these channels.
2. **New city creation:** the increasing number of populations leads to develop large villages to small cities which was supported by small start-ups. These startups ware connected to the consumer through internet and e commerce websites leds to rural consumer base development.
3. **New techno-age generation:** the generation born in era of technology leads to create demand which is advanced in nature. Their need is absolutely trendy in nature. Due to these the sale of goods through e-commerce increases in rural area.
4. **Increase in Low price mobile phones:** - The main gazette in e commerce is mobile phone. The electronic revolution leads to low price mobiles in market. The purchasing of new mobile leads to classify personal and family market secretly currently In 2022, 35-40% of the 122 million smartphones sold in the country were bought in in rural India.
5. **Internet penetration:** - In Current situation India the second large country with internet penetration after China. And also goes through 5G internet revolution. In 2022 there is 700 million active internet users from that 425 million internet users from rural area which is significantly higher. The more no of internet users lead to easy fishing of advertisement-based consumer.
6. **Increase in rural banking:** - According to RBI there are 30% branches are located in rural area where around 60% population lives. There percentage is low in some decade. The availability of banking facility makes easy to consumer to purchase goods with help of financial services provide by these banks
7. **Private finance players:** in rural area along with public sector the private sector bank, NBFS, small finance companies, authorised money lender, also plays vital role in create consumer base in rural area.
8. **Easy Access of Websites and Apps:** - In new phase of technology the technocracy web page and easy app operating system leads to more use of these facility. The more use of application leads to create easy desire to purchase new goods. The factor of regional language also led to develop new consumer base which have language problems.

9. **Schemes and policies:** Currently more than 70% of transaction from rural area made by cash on delivery system which create confident in consumer to purchase the unknown goods. Also, creative shopping festivals also affect the buying behaviour of rural consumer
10. **Government Initiatives:** - Currently Government of India focused on digital literacy. Through these large nos of schemes ware launched through digital platform. Due to these there is increase in no of internet, bank and mobile users in rural area. These are ready to purchase buyers for e-commerce companies.

Challenges faced by e-commerce in rural Indian Market

Along with these availabilities the e commerce companies face several problems while serving rural areas. Some of theme are follows

1. **Mindset of people:** Thow the rate if increasing sale in rural Areas are seen the order placed by rural people are from trusted peoples only who know the process of e-commerce. But the people who dose not know the practices of e commerce companies are not in the position to take or place orders to the same.
2. **Lack of connectivity:** Most of the villages connected through roads and other transport facilities which are nearby small cities. The villages away from main cities are anable to cover due to low connectivity
3. **Low purchasing power:** e-commerce also faces problems of low purchasing power of rural area. Due to low purchase power the people are in the position to buy only low-price goods which in not feasible in nature.
4. **Exchange of goods:** - as per consumer policy the consumer has right to exchange or return the purchased goods. Dur to there the transaction cost was increased and the money ware wasted in the process.
5. **Price Sensitive Consumer:** - Most of the time the rural consumer is in the position to purchase good from that provider which offer him low prices. Small changes in prices leads to huge fall in demand of certain goods.
6. **Lack of Digital Literacy:** - though there in increase in use of internet the most of the people use it for social media. But when it comes to purchase there is certain type of phobia of Froud. These fear leads to lowering purchase decision.
7. **Ater sales services:** - While purchasing high price goods rural consumer prefer local shops for further services. And also, e-commerce companies faced problems to provide skill full labour at cheap price for the same.

Some Policies which can help to overcome these threats

1. Develop chain system delivery model.
2. Create rural warehouses in collaborative base.

3. Use accurate data of consumer for fetching the demand.
4. Take help of rural marketing agencies which are already working in rural areas.
5. Use Self Help groups, NGO's Co-operative societies as a middleman or logistic agent in rural area.
6. Provide more financial services to consumer which boost the purchase rate

Conclusion:

There is tremendous scope to e-commerce operations to public, private players for create new consumer base in rural area. The help of artificial intelligence and new big data help to trap the untouched rural area. The increasing banking facility was core at the purchasing power of people. Making more tie-ups with financial service providers the consumer base can get wider. There is also need to focus on cyber security, Data security, legal structure which leads to create a greater number of consumers.

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