
OPPORTUNITIES AND CHALLENGES OF E-COMMERCE IN RURAL INDIA DURING THE
PANDEMIC AND ITS FUTURE ASPECTS

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ABSTRACT:

Internet becomes a crucial part of everyone's life. Without the internet, we cannot imagine a simple task nowadays. E-Commerce is buying and selling of goods and service over the internet. E-Commerce is one of the growing sectors in India. After government and private initiative, we can see the influence of E-Commerce in a rural part of India. The CSCs (Common Service Center Scheme) program would be a milestone in rural digitalization.

India has been facing economic crises since March 2020. E-commerce is one of the solutions to the rising GDP of the nation. In the pandemic, e-commerce shows the new horizon for the entrepreneur and businessman in the rural region of India. According to the IAMAI report, 70% of the population live in rural India. So, the rural Indian market has a good potential to contribute to GDP growth. The paper concludes the opportunities and challenges for the growing e-commerce industry in the rural part of India and its future aspects.

KEYWORD: E-Commerce, Rural India, GDP, CSCs,

INTRODUCTION:

“The entrepreneur always searches for change, responds to it and exploits it as an opportunity.” - Peter Drucker.

The rural population in India reported at 65. 53% (% of the total population) in 2019, according to the world bank collection of development indicator. It indicates the majority of the population lives in a rural part of India. It implies that e-commerce has an opportunity to enlarge the service area in a rural region. India is the second-largest online market in the world, ranked only behind China. It estimated that by 2023, there would be over 650 million internet users in the country. Despite the large base of internet users, the internet penetration rate in the country stood at around 50% in 2020.

The total number of internet subscribers in rural Indian was over 302 million around September 2020 (report taken from a website statista.com) and the highest number of internet subscribers is from a rural part of India. Thus, the rural India market ensures good potential to become the market zone for most e-commerce champions and entrepreneurs.

The government of India has launched a village level online retail chain to facilitate the supply of essentials through outlets that are taking orders online and offline carrying out home deliveries. So, E-Commerce is a win-win situation for both dealers and customers. It will increase the employability rate in a rural area.

REVIEW OF LITERATURE:

[1] <https://E-Commerce in Rural India - Rural India drives the boom | Hindrise> :There is a need for the growth of village e-commerce. The rural Indian market ensures untapped potential to become the market leader for most e-commerce business enthusiasts and building entrepreneurs. As per IAMAI (Internet & Mobile Association of India), India stand at second rank in term of number of internet users at 451 million active users of the internet. This number encompasses urban as well as rural areas. With various government initiatives concerning the broader picture of digital villages where maximum people will be able to enjoy the internet facilities, there is substantial rise in the number of internet users.

[2] <https://www.entrepreneur.com> (Boonbox, India's first assisted e-commerce platform for rural areas takes orders from customers in 16 states): Ramachandran said “We have always felt that e-commerce has more relevance in rural areas than in urban areas for the simple reason that in urban areas all of us have access to all the products. We only go to the websites because we get a better deal not because of any lack of access to them in the physical market.” He also added, “Boonbox is present in 16 states and has already served 2.5 million customers so far. Boonbox is available in 47% of Indian villages.”

Therefore, Indian rural market has a great potential to contribute in annual growth in GDP.

[3] IJTSRD Volume 3 Issue 5, August 2019, e-ISSN 2456-6470: “Revolution of E-Commerce in Rural Market” – Dr. Vijayant Kumar. The rural e-commerce market in India has the potential to be at \$10 billion to \$12 billion in the next four year on the back of increasing internet penetration, rising household income and the government’s push on digital in rural areas. Effective use of vernacular languages and assisted commerce will help drive the large rural online opportunity for e-commerce firms looking to accelerate growth beyond the favorable industry metrics.

[4] IJIRMS Volume 1, Issue 12, January 2017. pp 1-5 R. Sureshkumar. The researcher added in conclusion: “The feedback of online buyers should be captured to identify flaws in service delivery. It is a challenge for e-marketers to convert low-frequency online buyers into regular buyers through successful website design and by addressing concerns about reliable performance. The e-marketers should ensure the quality of products and services provided by them to customers.”

AIM OF THE STUDY: The aim is to understand the potential of Indian rural market for growing E-Commerce business and to find the gaps between rural customer’s expectation with E-Commerce outlets.

OBJECTIVE OF THE STUDY:

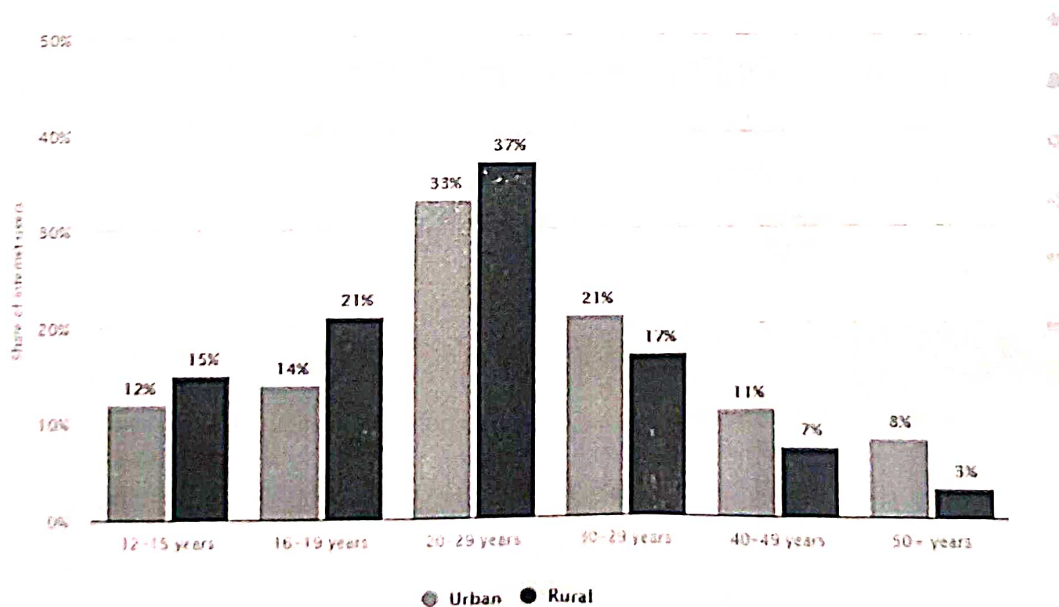
1. To understand the consumer behavior while purchasing products online, especially where consumers belongs to rural part of India.
2. To find the gap between rural customers and E-Commerce outlets.
3. To decode the customer expectation from E-Commerce platform.
4. To find the solution to e-commerce issues coming in rural areas.

METHODOLOGY:

The research paper is based on secondary data. The secondary data presented in the paper are collected from various government and non-government agencies. Information are collected from various authenticate websites.

DATA ANALYSIS AND INTERPRETATION:

1. Distribution of internet users in urban and rural areas across Indian in 2019 all age group.



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Image – 01 (statista.com)

The above histogram shows that rural consumers are higher than urban consumers below the group age of 30. Thus, internet users below the age of 30 are higher in rural areas. It shows a positive sign toward rural e-commerce growth in nearby future.

2. Internet Usage Picks up in Rural India

According to a study by the Boston Consulting Group titled 'The rising connected consumers in rural India' noted "Rural Indians use the internet mainly to access social network websites (around 70% of the internet users living in rural areas) Such as Facebook and for emailing.

The data shows the age group less than 30 years spend more time on social networking, Listening to music, Gaming/ media. Therefore, we can target these group (below 30 years) to involve in e-commerce growth because they are much familiar with internet usages.

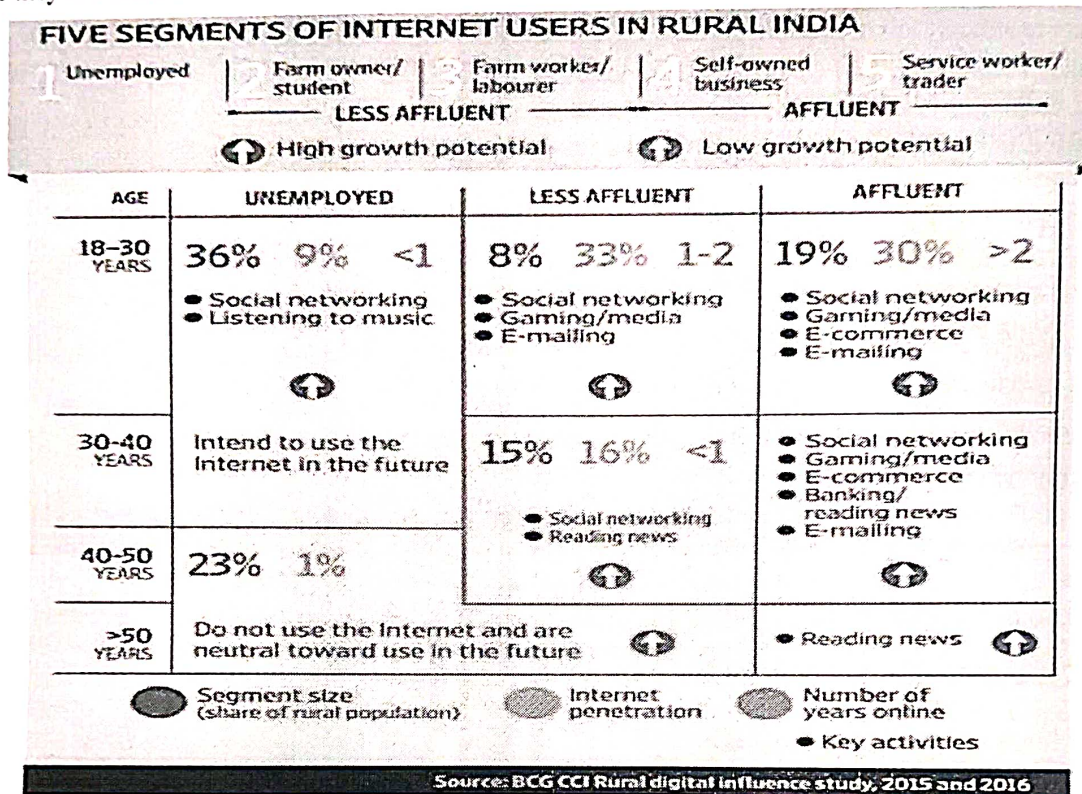


Image – 02 (BCG CGI Rural Digital Influence Study, 2015 & 2016)

3. Indian E-Commerce industry analysis (Report by IBEF)

- a. Growing Demand: E-Commerce companies reported sales worth US\$4.1 billion across platforms in the festive week of October 2020. 55% share was generated from Tier-II cities such as Asansol, Ludhiana, Dhanbad and Rajkot.
- b. Attractive opportunities: Despite depressed consumer spending, economic slowdown and uncertainty created due to Covid-19, e-commerce players are expecting strong sales growth in 2021.
- c. Increasing Investments: E-Commerce and consumer internet companies in India received more than US\$ 4.32 billion from private equity and venture capital players in 2019.

4. Highlights of e-commerce market in 2020 (Report by Razorpay)

Ordered Placed by Indian consumers during in the year 2020	
Month (2020)	Percentage (%)
February	6.42%
March	-2.40%
April	-10.63%
May	15.95%
Jun	8.07%
July	20.89%
August	1.69%

(Table 01)

Request for refund by Indian Consumers	
Month (2020)	Percentage (%)
February	12.46%
March	35.95%
April	-19.74%
May	-7.79%
June	40.17%
July	31.48%
August	9.22%
September	-8.81%

(Table 02)

- It was found from the data interpretation that in last week of March 2020 e-commerce sites saw a dip of 2.40% in orders placed. The highest dip in the entire year (Jan 2020-Dec 2020) was seen in the month of April by approximating 10%, whereas highest spike is observed in July 2020. (Reference Table 01)
- Due to lockdown, refund counts higher than the number of orders an e-commerce sites received in the month of April 2020 and May 2020. The month of April witnessed peak refund counts with a spike over 20%. (Reference Table 2)
- Order placed: The month post the lockdown (March 2020 and April 2021) saw a sharp decline of 69.85%.
- Preferred mode of payment: The data shows consumer preferred online shopping through E-Wallet (45.20% growth) and UPI (41.61% growth) rather than Bank Transfer.
- The number of online shoppers is low as compared with internet users in the rural region of India. (Report by dnaindia.com)

Purpose of internet Access in Urban India		Purpose of Internet Access in Rural India	
Area	Percentage (%)	Area	Percentage (%)
Online Communication	69%	Entertainment	39%
Social Networking	68%	Social Networking	34%
Entertainment	50%	Communication	31%
Online Shopping	34%	Online Ticketing	12%
Online Services	27%	Online Shopping	4%

The data shows that online shopping in rural India comparatively less as in urban India.

After the Pandemic, the rural market will become a new opportunity for the e-commerce players.

SIGNIFICANCE OF RESEARCH:

Since Independence rural part of India remains untouched from an economic point of view. All the development has occurred in hardly 6 to 7 states. Majority of cities lies in tier II and tier III category. After the evolution of E-Commerce in India, only tier-I cities got the financial boom & the remaining cities have left behind in a race due to internet issues and other factors.

After government and private initiative, we can see the influence of E-Commerce in a rural part of India. The Indian government is leaving no stone unturned in establishing the connection between all the villages and small towns through optical fiber by keeping its eyes on making India digital. Since 2014, the government of India has taken many initiatives, namely: Digital India, Start-up India, Make in India & Innovation fund. "Internet Saathi" is a joint initiative of Google India, Intel and Tata Trust. The program is to improve digital literacy among woman in a rural part of India. Reliance Jio and Udaan are also part of such initiative from private organization. After these steps, the internet penetration becomes more in rural India than before.

E-Commerce gets new horizon in rural India after the government called for Lockdown due to Covid-19. From the data analysis and interpretation, it is clear that rural India is already ready for the e-commerce revolution. First, we need to understand the challenges and obstacles that may affect their outreach in rural areas. The following points which may cause challenges for e-commerce in rural areas:

- Uncomfortable in online shopping

- b) Language barrier
- c) Access and transport infrastructure facilities
- d) Lack of awareness of brand and products
- e) Fear of poor products and services
- f) Touch and feel issue
- g) Methods of payments
- h) Personalization

The above points talk about customer expectations, behavior and problems they face while purchasing online in a rural part of India currently. These challenges are available across all rural areas. The traditional business method is affected due to lockdown in the country & the brick-mortar business method is becoming outdated. Therefore, this is a golden opportunity for all the entrepreneur to look after e-commerce majorly in rural areas. They have to overcome the challenges and hurdles that are present in rural parts.

SUGGESTION:

There are few ideas through which we can reduce the problems to a certain extent.

1. The local awareness program to be organized for their insecurity and issues they experienced during online purchasing.
2. There is a decentralized system in rural E-Commerce outlets. So, they try to centralized the entire SCM (Supply chain management) along with customer services.
3. The entrepreneur should also focus on the **Household sector, Handicrafts and Agricultural -based products** and need to join them on the e-commerce platform on a large scale. With this, they can increase the employability rate in rural areas.
4. For language barriers, the website and customer services (24 x 7) should be available in the local languages.
5. **Setting E-shops**, so before purchasing, customer can touch and feel the products. In this way, we can create faith in customers and can enhance customer loyalty.
6. Provide multiple payment methods (Including cash on delivery).
7. Keep local people only at the e-shops and for the product delivery. In this way, we can increase the employability rate.
8. Do not get too much ambitious at the beginning of the e-commerce set up in the rural region.
9. The products should available on the website as per local requirements and at a reasonable price.
10. The government and local administration should support such e-commerce startup in their administrative areas.

CONCLUSION:

It is the correct time to invest in e-commerce startup in rural areas. It not only opens opportunities for rural youth but also help in the economic growth of the nation. The government has initiated a lot of effort to develop e-commerce infrastructure in a rural region. One of the initiatives, the governments' digital Seva Portal 'Common Service Center Scheme (CSCs)'. The e-commerce portal should consider the local products, handicrafts and agriculturally based products. Local retailers and youth have to involve in this digital market platform for the complete growth of the nation.

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