



# INVESTIGATING THE PROSPECTS AND FINANCIAL STATUS OF ECOMMERCE IN RURAL AREAS OF INDIA

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## ABSTRACT

*In rural India, e-commerce is thriving and represents booming development. Their success relies on the perception of the business, the amount of buyers and the provision of different characteristics. In the future of e-commerce in Rural India, this paper provides an effect of digital India; it reflects the different opportunities for manufacturers, clients, e-commerce industries and factors that affect confidence in rural Indians. We found that in the developing sector, total e-commerce would dramatically grow in the coming years. Though internet or broadband penetration in rural areas is lower compared to urban areas, Digital India's dream project by the government can monitor or address this gap that increases the mass of customers in the world of e-commerce by spreading business utilizing social commerce (Facebook Commerce, Twitter Commerce), mobile commerce, etc. with the implementation of Digital India project features such as The integration of the project E-Commerce and Modern India allows it possible for communication to be made in seconds anywhere in the world. Businesses give themselves up to the global economy by internet trade. Moving forward, Indians should refer to initiatives as Digital India Vision, Digital Bharat Vision, or Digital Hindustan Vision. This paper discusses India's existing internet usage scenario, how the Digital India government campaign will link the maximum number of rural Indians to the world through the Internet and how e-commerce companies will turn this mass of rural Indians to trade.*

## Keywords

E-Commerce, Rural and Urban India, Digital, Internet Access, Government, Growth

## 1. Introduction

The booming growth of e-commerce in the Village is necessary. For most e-commerce industry fans and aspiring entrepreneurs, the rural Indian sector means untapped opportunity to become the market leader. Nothing has happened since independence in terms of improving the rural sale of commercial goods within the geographical borders of India. As a consequence, the imminent need is to step up the growth of commercial companies and e-commerce firms in rural areas.

India has been one of the world's most populous nations, with more than 70% of the people residing in villages or rural areas. Agro-based goods, as well as the daily crops produced by these village people, are the primary source of income for people living in rural areas. In terms of growth, India's agro-based sector has accelerated since independence. "It accounts for half of the country's total economy, and a substantial portion of the population is working in the agriculture sector. It is a challenging fact that India has not seen the agribusiness and agricultural sector's growth and accelerated development as most of the survivors in rural areas have marginal land with them. They don't know anything about new agricultural practices and strategies, after all. In addition, in order to allow good use of it, they may not have sufficient facilities.

Exploring agricultural ability is a vital component of economic development that can ultimately contribute to the creation of an agro-based economy. The expansion of the agri-based market, which has been the primary source of growth in recent years, is the driving force behind production. According to the IAMAI, India ranks second in the world in terms of internet usage, with 451 million active users. This statistic covers both metropolitan and rural regions. There is a huge increase in the amount of internet users with numerous government policies about a wider image of digital villages where maximum number of people can enjoy internet facilities.

### Status of Village E-Commerce

The trend of online shopping has been the trend in recent years. E-commerce is on the rise in rural India. Most people prefer to buy diverse groups and use multiple resources across online platforms. This activity is not confined to urban areas but is also thoroughly practiced in the rural sections of India. There is a large degree of internet and telephone connectivity in rural areas of India. The Indian government is not untenable by holding its eyes open to the major digitalization of India, thus creating the connection between all villages and towns via optical fibre. In that respect, the Indian government's goal is to offer the value of online services to people in villages or rural areas of India.

The rise in e-commerce has been remarkably phenomenal in recent years, based on revenue records. The medium revenues in 2018 were approximately \$38.4 in total, through e-commerce. All dealers can look towards the online presence of their goods as the company's prosperous path needs online presence.

The nation has undergone in recent years a huge turnaround in villages or rural areas in relation to the floating of large e-commerce players such as Flipkart, Amazon, etc. It has become possible to improve the ideal habits of citizens in rural areas of India. Both products would be available in a single shop without much work.

## 2. Literature Review

### • Socio-economic impact of E-commerce:

Electronic trading has a great influence on individual companies, probably, explicitly and indirectly linked to it, in the Indian economy. Significant experiments are carried out from an economic and social viewpoint. Their mere presence is of considerable advantage to the indigenous market.

One of the main advantages of e-commerce is that developed countries such as India allow the rural population to become a model of information

**(Anjum, B., & Rajesh Tiwari, 2011).** E-commerce offers MSMEs with highly valuable tools. E-commerce may be a gateway to sustainable development for rural areas. E-commerce can have a positive effect on the socio economy of rural communities by stimulating commercial development. E-commerce presents business prospects such as India with major domestic and foreign growth. The foundation of the Internet helps distant and unbanked persons to reach all facets of the economy and engage effortlessly in them;

**Patterson and Wilson (2000)** revealed that as e-commerce improves the quality and flow of information and communication, there is a good reason to expect that e-commerce will have a positive impact on the society. **Rao (2007)** stated that e-commerce helps eradicate rural poverty by networking the rural poor and ensuring their active participation in public affairs.

### • E-commerce is promising as a significant instrument to make sure comprehensive growth

**(Hiwarkar, T., 2013).** The decisive and important role of e-commerce helps in increasing economic growth **(Mirmiran, S. F., & Shams, A. 2014)** by creating new business opportunities and also opportunities for education and academics through e-learning and e- business education **(Saini, B.,2014).** The study of **Popescu, G. H. (2015)** provides strong evidence for the influence of ICT capital proportion on the production-oriented initiative of

sustainable effectiveness, sustainability inferences of e-business resolutions, and e-commerce impacts on social sustainability.

Hence at socio-economic front, in the country like India, e-commerce definitely empowers consumers and plays a very important role in economic growth of the country.

- **E-commerce and Technology adoption:**

The mobile users in India are going to cross 279,2 million by 2018, according to the Statista portal. According to the paper published in The Indian Express (Feb. 4, 2016) the number of mobile Internet users in India could rise by 55 percent, to 371 million by June of this year, according to the IAMAI industry. It said that the rise in rural areas of the world is affected by broad acceptance. Furthermore it has been reported in the IAMAI survey that urban and rural mobile internet users utilize the internet for e-commerce purposes at about 25 and 3 percent.

We are well aware that the internet is not open in India to as many people as in Europe and America because connectivity is not available, but the statistics above support the exponential usage of technology. The 3600 round impact of e-commerce and technology adoption will lead to technical awareness for customers. For example, on the e-commerce platform you will buy technology and related goods.” E-marketers can concentrate more on research initiatives that enable consumers to buy online (Kiran, R., Sharma, A., & Mittal, K. C., 2008).

By rendering their technologies adoptive, e-commerce provides new enterprise prospects (Saini, B. 2014). Through embracing advances in technology, small business holders and entrepreneurs will start and grow their business. Breakthrough 3G, 4G etc., entrepreneurs and SMEs can support online companies through e-processing, electronic recruitment, e-payments etc.

- **E-commerce and Consumer buying decision making:**

Studying the actions of the user is very complicated, because each person's experience is different. In a given circumstance, no one can foresee how a person can act. However, on E-commerce pages, features and services affect the purchase actions.

Consumers enjoy considerations such as access to details, website repute, protection and post-sales support while shopping online (Mittal, A. 2013). “The reasons that electronic commerce has been effectively drawn to customers, particularly to young people, are: the marketing combination and reputation (Guo, J. & Jaafar, N. I. 2011), product analysis (Bailey, A. A., 2005), online expertise (Constantinides, E., 2004), very fast service and service variety and lower prices than the conventional market (P.R.Kousalya, T.Mohan, D.Revathi, November 2013), etc (Hooda, S., & Aggarwal, S., 2012). These influences often affect the purchase actions.

In order to retain buyers, e-commerce firms have introduced alternatives to these problems. Website designed and advertising and internet marketing (Miranda E, 2008-09), easy-to-use, website usefulness (R., & Gupta, S. L. 2011), online store atmosphere (Hsin Chang, H., & Wen Chen, S. 2008), website efficiency, client support and website enforcement (Grant), R., Clarke, R. & Kyriazis, 2007). (Shergill, G. S., & Chen, Z., 2005), Consumer Impulsiveness and Website Quality (Wells, J. D.,

- E-commerce Benefits and its Success:

E-commerce provides many benefits to consumers which are ultimately beneficial for consumers themselves. Following are some benefits which are provided by E-commerce:

1. Consumers worldwide can shop online 24 hours a day, seven days a week and 365 days a year (**Bellman, S., Lohse, G. L., & Johnson, E. J., 1999**).
2. Recommends products and related information as per interest and preference of individual consumer (**Xiao, B., & Benbasat, I., 2007**).
3. E-commerce is convenient, time saving and pleasant in use (**Hooda, S., & Aggarwal, S., 2012**), (**RAJAYOGAN, K., 2015**), (**Goyal, P. & Chouhan, B., 2015**), (**Sunil, S. P. A. C. E., 2015**).
4. It provides very quick services, a variety of products and services and fewer prices than traditional markets (**P.R.Kousalya, T.Mohan, D.Revathi, November 2013**).
5. It is simple to use, saves cost, delivers in time (**Narwal, M., & Sachdeva, G., 2013**).
6. Consumers can access very rich information, can access maximum available retail

brands and can avail extended offers in online buying (**Yen, Y. S., 2014**).

7. E-commerce also provides facilities like doorstep delivery, easy and secure online payment modes, Cash on Delivery, safe packaging, authentic and original products, easy return and replacement policies, exchange offers, discounts and festival offers

etc. (**Advertisements on Television by Flipkart, Amazon and Snapdeal, 2016**)

### 3. Research Methodology

This case study is a research methodology that helps in exploration of a phenomenon within some particular context through various data sources, and it undertakes the exploration through a variety of lenses in order to reveal multiple facets of the phenomenon.

#### 3.1 Research Question

- Is the rural population dominating the Indian economy because a significant chunk of the population stays in rural areas?
- Conversely, people living in urban environments are adequately educated, tech-friendly, and have a more substantial propensity to spend and fulfill their needs?
- Are these conditions, e-commerce or any industry, for that matter, requires to strike a balance between both sections of the population?

#### 3.2 Case Study

This case study shows the value of a collective website for marketing the products of rural artisans. It also demonstrates the importance of evolving a website over time and developing a web presence that serves the needs of a self-employed artisan in gujrat.

##### 3.2.1 Profile

Gaatha: based in Ahmedabad Gaatha began in 2009 as a project by Sumiran Pandey, Shivani Dhar and Himanshu Khar, students of the NID (National Institute of Design). They concluded that study alone wouldn't help them record how Indian craft heritage is quickly eroding. In their ecosystem, they wanted commercial opportunities. Gaatha became an e-Commerce site in August 2013. Apparels, sculptures, and stationery from Gujarat, Rajasthan, Madhya Pradesh, and Kashmir are among their latest offerings. Stone, leather, fibre, bamboo, grass, and also municipal waste are among the products used.

### 3.2.2 Role of E-Commerce

For Gaatha, who has been associated with Gaatha.com for three years, a website is mainly a publicity medium, not a direct sales tool. There are actually 200 designers on the site whose items vary from personal care to fine jewellery and punched tin sconces. Among the most costly items on the web is her necklace. If you Google Gaatha, though, her website, Gaatha.com, pops up first, showing its selling force. Online purchases account for around a fifth of overall sales. Any of these revenues come from galleries who discover her goods on the internet and market them directly to their clients. The website hasn't produced any special sales orders; instead, the bulk of these sales have come through word of mouth." As a marketing instrument, Gail argues that she "has got the value of her assets." In addition, it is her only online activity for now. Indeed, without the stream of sales and sales leads created by her presence on the web, Gail suggested that she would be "floundering." Given the advantages of Gaatha.com, the website production phase is time-consuming. The new website would initially be developed as a publicity platform and would not have complete features for e-commerce, such as a shopping cart. "Emphasis on on-site optimization, as part of another grant initiative to collaborate on this with WESST Corp. Her website was built for a number of reasons:

The website is built to represent the art more explicitly, and would be more artistic and technical than the group website.

The site will represent both the art's high quality and the work's motivating natural influences.

More details regarding the artist and current artistic work will be accessible on the website.

### 3.2.3 Challenges and Hindrances that may affect their outreach in Rural Areas.

- Since rural markets are hyper-local, a seller's product portfolio is therefore vital to their survival if they wish to grab the rural market and stretch their wings.
- Protection issues around online purchases are another factor they can be reluctant to purchase on online platforms.
- Consumers can be worried about the absence of on-ground presence in their community.
- Language is a huge hurdle since the bulk of e-commerce websites are in English. In order to snag consumers, businesses would need to accept the production of e-commerce with vernacular languages to interact in their local language with the target audience.
- Entry and transport networks are also critical, as this will have a far-reaching effect on the productivity of the supply chain.
- Being accessible by smartphone is also vital, as rural communities can not have access to desktops or laptops. They could be more familiar with mobile shopping, even though they do.

Despite these constraints, with this aspect, e-commerce sellers and brands are ardent in examining the opportunities. Going forward, the influence of the creation of e-commerce websites in rural parts of India must be noted. Technology has recently met the rural sections successfully and has changed the prevalent thought that e-commerce businesses through not reach the rural area of India.

### 3.2.4 Mobile Penetration in Villages and Rural Areas

- According to the Telecom Statistics Study published by TRAI in 2018, India's registered cell phone users totalled 1026.37 million. Active cell phone subscribers on 2G, 3G and 4G networks are included in this statistic.
- In previous studies, it was well-explained that the amount of cell phone users rose by 15% in the previous year. This percentage statistic is for the majority of persons under 25 years of age.
- More than 18 percent of the population uses cell phones in rural regions of India. By 2021, the figure of 45% would be touched by this 15 percent figure.
- The boom in smartphone users in rural India has also seen an aspirational change in the lifestyle of citizens and made it simple to access services through online media.

#### 3.2.4.1 Sectors Where E-Commerce is Shining On

E-commerce plays a crucial function in diverse sectors of rural India. It is uplifting people from rural backgrounds' way of life and introducing transformative shifts in their thinking patterns and old values.

#### 3.2.4.2 The sectors where e-commerce is leaving its impact and is shining on are- Handicrafts

It has been observed that for many rural citizens, the craft sector has become the source of income in rural India. A significant portion of the population, especially women, produces various types of handicrafts using various types of agro-based materials, providing them with a source of income. Nowadays, online channels often allow these handicraft goods and products to be accessible and build a mass consumer base for citizens residing in remote areas and people from disadvantaged communities. The penetration is not strong, but in the years to come it seems to improve. Marginalized groups will have the ability to offer their intrinsic cultural assets a much-needed advertising boost. They would be granted fair opportunity to display their talents in front of both populations." The doors for seamless access to consumer products are opened by Village E-commerce. "As producers of all sizes residing in every part of the world can now carry their goods to the world as a whole through online channels, it has gradually provided opportunities for inclusive development. E-commerce is now the most convincing medium that serves the demand for crafts.

Well-known e-commerce players such as Indian Origins, Craftsvilla, CraftedIndia, and Engrave work hard to motivate artisans by building business relations without a second thought with consumers who are able to pay higher rates.

#### 3.2.4.3 Agro-Based Products

There is a major shift in the style of rural industry, and a significant gap is evident due to the rising presence of agricultural goods online. Seeds of different types of crops, fertilizers, and various other items have recently become accessible online, simplifying things for citizens residing in rural areas and farmers in India.

### 3.3 Challenges Faced by E-Commerce Companies in Rural India

#### 3.3.1 Inefficient and Incompetent Internet Services

E-commerce firms in rural areas do not run smoothly owing to inefficient and inept internet services in most rural regions within the geographical boundaries of India. On a wider scale, just 18% of citizens residing in rural areas have connections to the internet, which has been a significant obstacle

for the e-commerce sector and is risking its existence in these areas. While the percentage number stated earlier will increase in the coming years, it is currently a problem to contend with.

### 3.3.2 Lack of Trust

It is a reality that a large chunk of people living in the rural segments of India find it difficult to bank on the goods sold online because they fear that products may be lost or pilfered, difficulty returning the product, and numerous other types of problems. As a consequence, all enterprises must develop a confidence basis before establishing themselves in India's rural areas or villages.

### 3.3.3 Poor Transport Infrastructure and Connectivity Issue

The inadequate transport system in most of the country's rural areas is another big and arduous obstacle. Items sold in metropolitan areas require a couple of days to hit a rural location (and that too only if delivery is rendered in the given space in the first spot).

On the shiny side, though, the demographics of rural India are consistently seen by e-commerce enterprises. They partner on this vastly opportunity, yet underserved market share with Indian governments and local communities.

### 3.3.4 Currency Challenge

One of the biggest problems confronting most village e-commerce companies working on the Indian frontier has to address the currency problem. There are various exports in different nations, as well as import criteria. Credit card restrictions and currency rates thus have a detrimental impact on the eCommerce sector by regulating the fluidity of eCommerce's total transactions.

Now, the creation of the e-commerce platform in such a way that different payment solutions can be received, such that it is simpler for clients.

### 3.3.5 Methods of Payment

Cash on delivery method is not available in every village, so we have to build awareness of online transactions as this will also have trust matters concerning making money transactions online.

### 3.3.6 Lack of Awareness

In rural parts of India, many people are not aware of the process of online purchase, which also makes it a challenge for the business. Thus, there should be a process for awareness for the purchase of online products.

### 3.3.7 Personalization is a Challenge

It is unquestionably one of the most pressing challenges for the suppliers when it comes to e-commerce business in the nation and its tense competition with the retail stores. In a developing country like India, many people still favor retail stores where they can physically verify the products before purchasing. On the other hand, the retail stores present a special touch, which is considered finicky to replace with online selling.

## 4. Conclusion & Future Scope

### *E-Commerce in Rural India- A Win-Win Situation*

- The booming e-commerce drift is literally irresistible in rural India and urban areas as well. Online shoppers have a lot of choices including design, pricing, labels, comfort etc.
- In recent years the modern Indian programme, with which most of the villagers are joined via optical fiber to the presence of the internet in virtually every town, has seen tremendous development.
- Due to the Internet's capacity, rural people profit greatly from each online service they offer and have grown their lifestyle and spirit.
- The Internet presence has generated a wide range of e-commerce in rural India, as the citizens obtain all their domestic goods. The retailer is now able to view its goods digitally, building a wide base of consumers for it.

### *E-Commerce in Rural India: Scope*

- Rural India e-commerce gives merchants and small-scale businesses like handmade goods new possibilities in order to assist them in linking their items and to pave their way into the market.
- The existence of internet facilities in rural India has enabled citizens to access the goods they like. It has offered rural customers a considerable scope to follow new and better forms of living and e-commerce companies to develop a large client base to fulfil the needs of people living in rural India.
- Indian postal services have the ability to create ties worldwide. His growth and progress became a joyful ride. It appeared in the most distant areas of India. The items are distributed to the consumers through more than 1, 55,000 post offices in rural locations, irrespective of the far ranging areas.” The e-commerce industry is dedicated to helping our country become digital through the logistics platform. It is a welcome plot. Indian postal services have been collaborating on some 400 e-commerce pages in the last two years.
- In particular in rural regions, e-commerce devised social change in the society. In rural areas, internet consumers are mostly less than 25 years old, and thus the young people have the new reach of receiving more advantageous goods as per their calling, which transforms their lives and creates trust in them and brand-new opportunities.

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