E-commerce in Rural India – Challenges and Opportunities

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Abstract

E-marketing is the concept which emerged in the last decade. People focused the internet only for the purpose of gathering information. But as the technology improves and the people started migration, they concentrated in e-marketing. E-marketing can be defined in broader terms as not only trade in goods and services across internet but also new ways of conducting business and communicating with customers. E-commerce is the technology of the present. It can provide services which is beneficial to both the rural community & corporate world. One of the best benefits of e-commerce is that it can provide a cost effective way to expand into the global arena and run one’s own business.

INTRODUCTION

About 70% of India’s population lives in rural areas. For e-commerce giants & startups alike, this is where opportunities lie. As a matter of fact, most e-commerce pundits are of the opinion that this untapped market share is what will ensure a seamless growth of e-commerce sector in the country in coming years. According to Internet Live Stats, the internet penetration in India has grown to 35%, up from 15% in 2013; thanks to the rapidly growing mobile internet. And with Indian
Government’s initiatives like Bharat Net underway, this growth will accelerate further in the immediate future. But as the old saying goes, ‘things are easier said than done’, the road to ecommerce growth in rural India may not be as smooth as one would want it to be.

**Problems in the Booming Rural Marketing**

Although the rural market provides a big opportunity and it is considered as a virgin market which offers vast untapped potential, it is very much cleared that it is not that easy to do business in rural market which possess several problems. Thus, rural marketing is very time consuming and needs customized marketing. Rural marketing requires considerable investments in terms of evolving appropriate strategies with a view to tackle the problems. The major problems faced are:

a) **Less educated People and under developed Markets:**

The percentages of people who are affected due to poverty and malnutrition have not decreased in numbers. Thus less educated people and consequently underdeveloped market by and large pictures the characteristics of rural markets.

b) **Less Effective Media Network for Rural Communication:**

During late 50’s and 60’s, radio was considered as the most preferred medium of communication among various available sources of mass media. Another communication medium is television and cinemas. Statistics indicate that the proportion of mobile theatres and number of villages are inappropriate. The figures show hardly 2000 to 3500 mobile theatres in rural areas, which is far less in comparison to the number of villages.
c) Many Languages and Dialects:

In India, languages and dialects vary widely from state to state, region to region and even from district to district. The communication has to be made in the local languages and dialects. The number of recognized languages is restricted to the figure 16, the dialects are estimated to be around 850.

d) Dispersed Market:

Rural areas are dispersed and it is very difficult to ensure the availability of a brand all over the country with regular supply of the product. Seven Indian states covers 76% of the total number of rural retail outlets in India, the total number of which is placed at around 3.7 million the highly heterogeneous rural market and it needs expertise and knowledge to track the current trend in the market and strategize accordingly.

e) Low Per Capita Income:

The Per Capita Income and the population in rural areas are not proportionate in numbers. Even though about 33-35% of gross domestic product (GDP) is generated in the rural areas it is shared by 74% of the population and remaining 65-67% of GDP is shared by 26% of the urban population. Hence the per capita incomes of urban counterparts are much higher in comparison to rural masses.

f) Low Level of Literacy:

The literacy rate is low in rural areas as compared to urban areas. This again leads to various problems of marketing in rural areas and problem related to the communication for promotion purpose rises with this factor. The effectiveness of print media is less in rural areas and to an
extent irrelevant since its reach is poor and so is the level of literacy among the rural masses.

Here are some challenges that ecommerce businesses face currently when serving rural India:

- Unawareness & reluctance in the rural populace
- Poorly connected transportation network
- On-going Improvements
- Indian Postal Services for Delivery network
- Ecommerce startups specifically targeting rural areas
- Government’s policies to smoothen things up for startups
- This paper aims at studying the challenges faced in the e-marketing in rural India and finding solutions to develop commercial activities in this sector.

References
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