

E-Commerce: A Means to Transform Rural India

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Abstract - Prime minister Hon'ble Narendra Modi announced that Digital India will transform India into a connected knowledge economy offering world-class services at the click of a mouse and will be implemented in a phased manner.

The government feels that open access to "broadband highways" across cities, towns and villages would give a boost to trade across the country. "The other important benefit we see is rush in e-commerce. If we can bring broadband to the remotest corners of the country it will give rise to trade and warehousing,"

But in rural India there is scarcity of water. Electricity is totally generated from water, so is it possible to connect the villages with broadband? Electricity is totally generated from water, so government has to think about the other sources for electricity generation prior to the Digital India. The other way for Digital India is that transformation can be brought by the use of e-commerce.

I. INTRODUCTION

Prime minister Hon'ble Narendra Modi addressed a huge gathering at San Jose, California, along with the top tech CEO's Shantanu, Satya, Sundar, Venkatesh, Paul on Digital India. He said poor, unlettered, downtrodden will be fully empowered & focused if he will get involved in routinely tasks like fund transfer of their old age pension.

Figure 1: Mission Mode Project <http://www/India.gov.in>



Hon'ble Prime Minister wants to ensure a smartphone in the hands of every citizen by 2019. He wants to ensure that all the services can be provided through a mobile handset, especially, health, education, various government services and retail. He says "We want it (handset) to be used as a tool for empowerment. We will need to incentivize its usage in order to promote the social and the economic objectives of the government".

Honorable Prime Minister should learn from China's Taobao village. [2] The actual roots of digital India already have been deeply rooted into India in the form of e-governance.

In 2006, the Government of India approved the National e-Governance Plan (NeGP) with the purpose to reduce the gap between the citizen and the Government. Ministry of Panchayat Raj Institutions (MoPR) and the Department of Electronics and

Information Technology (DeitY), was entrusted with the responsibility of implementing the NeGP in its fullness.



Figure 2: NeGP Shram Suvidha Scheme(www/India.gov.in)

Vision of this project is "Make available all government services accessible to Common Man in his Locality through Common Services Delivery Outlets and ensure efficiency, transparency and reliability of such services at affordable costs to realize the basic needs of the Common Man. [1]

NeGP comprises of 31 Mission Mode Projects (MMPs) including central level MMPs, state level MMPs and local government level or integrated MMPs, where each MMP leads towards transforming a high priority citizen service from existing manual system to electronic system for delivering e-services. There are 11 central, 13 state and 7 integrated MMPs. [1].

Under scheme "Bharat Nirmaan" computerization of all Panchayat Raj Institutions is carried out to bring the transparency, uniqueness in their working. To make all transactions and working online an ambitious scheme is started by government of India: "Sangankiya Gramin Maharashtra" (Sangram Kaksha). in collaboration with TCS.



Figure 3: Mission Mode Project <http://www/India.gov.in>

But rural areas where there is scarcity of water and electricity is there, is it possible to connect the villages with

broadband? Electricity is totally generated from water, so government has to think about the other sources for electricity generation.

The transformation can brought by the use of e-commerce. We need rural e-commerce for Indian villages. According to this pattern some of the output of rural industries and forms is destined for big cities. But a lot is also consumed in other villages.

II. HOW TO ACHIEVE?

Rural artisans, village cottage, small scale industries, small farmers, labors are playing an important role in the economic development of an India. Traditional industries includes Khadi, Handlooms, village industries, handicrafts, sericulture etc. They are highly labor intensive. While non-traditional small scale or modern industries includes highly sophisticated machinery and equipments such as power handloom, agro-processing etc.. Services provided by rural artisans, rural craftsman can be given highlight. Because small scale industries have gained importance in last decades, because it offers a high potential for increase in employment opportunity with comparatively low investment of capital because of their decentralized nature.



Figure 4: Indian Non-Traditional Industries. (Power Looms)

We can consider here example of China's Taobao Village. China's e-commerce giant, Alibaba, has pioneered rural e-commerce through its rural arm. Taobao, claiming this has created 280,000 rural jobs in 2014 alone. The Chinese government has picked 55 poor countries for grant to develop industries using e-commerce. Taobao villages have risen from 20 in 2013 to 211 in 2014, and the trend continues. These villages now cover 70000 rural producers.

E-commerce provides Chinese villagers the huge choice of goods enjoyed by urban folk.[2].

India's rural market is booming. E-commerce in India is associated almost exclusively with urban distribution. There should be enough e-commerce for rural area. Indian villages desperately need low end manufacturing to create jobs for youngsters who have no interest in farming.

According to the study what is needed is infrastructure, plus marketing and financial linkage that enable rural entrepreneurs to start small scale industries.

Large industries can not do the jobs for such youngsters, so government has to take initiative to provide some financial help or infrastructure and intermediate as marketing channel that enables rural entrepreneurs to start small scale industries.

City manufacturers have the best infrastructure and marketing and so dominate in most countries. Although it has been shown that Taobao villages can use e-commerce route to overcome their logistical disadvantages. Like a Taobao village in China this e-commerce should encourage the clustering of rural units, or of rural e-tailers where at least 10% of village households engage in e-commerce or at least 100 online shops can be opened by villagers in India that will create the minimum volume of trades to attract trucking and financing services. None of this requires government subsidies. But government investment in rural roads, electrification and broadband is necessary.

In effect Taobao villages transforms villages into towns. The leading village can become a centre. For e.g. The first Taobao village, Dongfeng, became a centre for low cost furniture production by over 1000 households. With access to cheap local competitive e-prices. They immediately got orders, which in turns stimulated supporting services. By 2014, the dongfeng region had 40 logistics companies providing transport.

CNBC reported last year on Beishan, another Taobao village that once specialized just in bread making. It now has a company with annual sales of \$8 million worth of camping gear, such as sleeping bags, beating big brands.

Rural populace have limited purchasing power and limited production capacity. Rural labor can be accessed at low cost

If some financing arm is there from Saha cooperative societies or banks, they will sustain their existence. None of these requires government subsidies. But government investment in rural roads, electrification and broadband is necessary.

Indian rural market is booming out. Rural market includes its stakeholders as microfinance, dairy farming, farmers, carpenters, artisans, self financing groups and entrepreneurs, small scale business, low end and low skill jobbers. They can make available their services online, in effect these villages transforms into towns.

Rural populace are having their own jobs, trades at limited levels, cluster such artisan, encourage them to do best and make use of competitive superior material. So that they will get major demand from other villages and city consumers, in this way they can directly break the chain of middleman.

In India it is seen that there is cheapest access to cheapest rural labour, giving them potential to compete, provided that they overcome logistical disadvantages.

One example you can consider that timber industry. The expert village can become centre for low cost furniture production with access to local timber and labour, they were able to quote competitive e-prices. This way order placement

response will be increased and in turn stimulate supporting services, other business such as sleeping bags, turmeric powder production, some agro based processing plants, plumbing, painting etc.

India has a long tried to promote rural industries through its Khadi and village industries commission, which operates through state Khadi department, KVIC runs a wide networks of Khadi Gramodyog shops. The results are unsatisfactory despite substantial subsidies and reservation of various products for handlooms. The ethos of KVIC is Gandhians not commercial. A women group like Lijjat papad has far more successful because it is commercially oriented and run by bureaucracies.

The curse of every rural area is the huge gulf between what the farmer or rural artisans gets and the much higher price paid by urban consumers. To some extent this is justified: the cost of quality control, grading, transport wholesaling and retailing is substantial. Nevertheless, e-commerce holds the promise of slashing the logistical costs and linking the producers directly to the consumers, helping the rural producers get a better price even as the consumer gets a lower price.



Figure 5: Traditional Trade, Rural Artisans



Figure 6: Traditional Trade, Rural Artisans

This indeed was the original aim of ITC's e-choupal which got much publicity but achieved only limited success. Eliminating the middleman was again the theme of "farm-to-fork", like Reliance. Even in the state that made this direct purchasing compulsory from government mandies proved modest results.



Figure 7: Agro-processing Plant

E-commerce has the potential to beat e-choupals and retails chains. It can go far beyond agriculture to rural manufacturing. But it will require supporting investment in rural roads, electrification and broadband. This cannot be done by KVIC department. Rather chief ministers have to push for good rural infrastructure, plus a climate where doing business becomes easy. Once that is done small industries and transport companies will quickly come up their own. E-commerce will rush by this way.

Rural populace have lower purchasing power and lower production capacity. So it's possible to form a chain of such economically weakened group. Make such groups capable & government should try to explore out their potentials. Try to encourage & empower them.

IV) CONCLUSION

In current scenario, government should create literacy and commitment to e-governance at high level. To increase the use of e-governance services try to provide digital jobs to rural areas. To encourage rural talent, government can establish the rural BPO to provide livelihood to rural young people

At priority level rural populace should be made self sustainable, empowered to fulfill their basic needs. Then they should be encouraged to produce the things that will fulfill needs of others.

E-commerce can encourage use of government services. It can cluster rural industries & artisan, encourage them to do best and make use of competitive superior material. So that they will get major demand from other villages and city consumers, in this way they can directly break the chain of middleman.

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