DOES A NEED ARISE FOR THE E-TAILING COMPANIES IN INDIA TO SPREAD THE WINGS TO 83.3 CRORES HUMAN BEINGS?

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Abstract: In a recent symposium held at Goa from 14-17th October 2014 on the topic "Trends in the e-commerce Industry" it says that the present revenue of e-commerce in India is 3.5 billion US$ which would reach 6.0 billion US$ in 2015 with a CAGR of 70%. It also says that "Digital commerce is at a nascent stage in India. However, India is one of the fastest-growing e-Commerce markets in Asia/Pacific.". E-commerce represents less than 4 percent of the total retail market of India. B2C e - Commerce leads the market in India, while B2B is limited to organizations that drive online channels to integrate with their partners and distributors." The retail market is expected to reach a whooping Rs. 47 lakh crores by 2016-17, as it expands at a compounded annual growth rate of 15 per cent, according to the 'Yes Bank - Assocham' study.

Key words: e-tailing, express industry, modern retailing India, rural India, population, banks etc.

Introduction: For developing countries like India, e-commerce offers considerable opportunity. Ecommerce in India is still in nascent stage, but even the most-pessimistic projections indicate a boom. It is believed that low cost of personal computers, a growing installed base for Internet use, and an increasingly competitive Internet Service Provider (ISP) market will help fuel e-commerce growth in Asia's second most populous nation. Indian middle class of 288 million people is equal to the entire U.S. consumer base. This makes India a real attractive market for e-commerce. To make a successful e-commerce transaction both the payment and delivery services must be made efficient. There has been a rise in the number of companies' taking up e-commerce in the recent past. Major Indian portal sites have also shifted towards e-commerce instead of depending on advertising revenue. Many sites are now selling a diverse range of products and services from flowers, greeting cards, and movie tickets to groceries, electronic gadgets, and computers. With stock exchanges coming online the time for true e-commerce in India has finally arrived. On the negative side there are many challenges faced by e-commerce sites in India. The relatively small credit card population and lack of uniform credit agencies create a variety of payment challenges unknown in India. Delivery of goods to consumer by couriers and postal services is not very reliable in smaller cities, towns and rural areas. However, many Indian Banks have put the Internet banking facilities. The speed post and courier system has also improved tremendously in recent years. Modern computer technology like secured socket layer (SSL) helps to protect against payment fraud, and to share information with suppliers and business partners. With further improvement in payment and delivery system it is expected that India will soon become a major player in the e-commerce market.

Growth of the e-tailing companies in INDIA: Suddenly, the Indian e-commerce market is red hot. Homegrown biggy Flipkart may be looking to acquire fashion retailer Myntra, Snapdeal is cozying up to eBay. The e-commerce market is expanding at an astounding pace even as the government hems and haws over FDI in B2C e-commerce trade. Amid all this action, the world's biggest online retailer, Amazon, is quietly ramping up Indian operations. Though two ex-Amazon employees – the Bansals of Flipkart – have already built a formidable Indian rival, Amazon has apparently surpassed everyone within just 10 months of setting shop in India. E-commerce companies are offering everything an Indian consumer could possibly want, such as choice of payment on delivery, same-day delivery or delivery the very next day. These companies are also helping small retailers dream big by getting them export buyers. The most vociferous critics of foreign retail firms' arrival in India, owners of mom & pop stores in India, have already bowed to the inevitable and joined hands with eBay. Amit Agarwal, VP & country manager, Amazon India,

tells that Amazon is now selling 15 million products across 20 product categories. That

makes Amazon bigger than Flipkart as well as Snapdeal
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According to a recent report in the Business Standard, Flipkart is selling close to 10 million products. Apart from Flipkart, Snapdeal, Amazon we have an array of e-commerce companies in India which runs to more than 200 in numbers. Although Internet penetration in India has not reached even 16% of its total population, the number of people with access to the Internet is nearly 10 times of the total population of Australia. India crossed the 200 million Internet user mark by October 2013 and the number is projected to reach 243 million users by mid-2014, turning all of them into potential e-commerce customers. The US currently has 207 million Internet users, with China boasting a good 300 million Internet users to date. Consulting firm McKinsey & Company estimates there will be 500 million Internet users in India by the year 2015 which clearly shows that we have huge potential for the industry in the soil.

As per reports from 2012 Indian parcel courier market was estimated at 4000 crores at a CAGR of 25%. Current reports declares that e-commerce market will be at 50 to 70 billion US$ by 2020 and this encompasses the potential of the express industry. There is a common saying about the Indian retail consumers' mentality "can't touch won't buy". However, this is gradually changing with the rising trend of online shopping. India's e-commerce business

jumped by more than 80 percent in 2013 and the momentum is likely to continue for at least the next five-six years. Flipkart co-founder and chief executive officer Sachin Bansal said the e-commerce business in India is expected to reach around $50-70 billion by 2020 on the back of a fast growing internet-connected population and improvement in related infrastructure like payment and delivery systems. According to the KPMG and IAMAI report, only around 10,000 out of the more than 150,000 pin codes in the country are covered by courier companies. The penetration of courier services is critically important to boost online shopping as deliveries are mostly done through them.

Mission of the Study: This study is to explore the possibilities of growth of the Indian courier express industry as a result of the booming e-tailing in India and in turn to establish the footing in the rural market of India strongly. As part of the study, it also encompasses and tries to find out the statistics of the Industry before and after the concept of e-tailing. Also the secondary objective is to derive whether the Indian courier companies are benefitted out of this enormous growth or it is enhancing only the MNCs. In addition the study may focus on the possibilities of the e-tailing companies of incepting in house courier divisions which would implore the total control of the industry.

Nearly 70% of the country's population lives in rural areas where, for the first time since Independence, the overall growth rate of population has sharply declined, according to the latest Census. Of the 121 crores Indians, 83.3 crores live in rural areas while 37.7 crores stay in urban areas, said the Census of India's 2011 Provisional Population Totals of Rural-Urban Distribution in the country, released by Union Home Secretary RK Singh."For the first time since Independence, the absolute increase in population is more in urban areas than in rural areas. The rural–urban distribution is 68.84% and 31.16% respectively," Registrar General of India and Census Commissioner C Chandramouli said.

The level of urbanization increased from 27.81% in the 2001 Census to 31.16% in the 2011 Census, while the proportion of rural population declined from 72.19% to 68.84%.

"The slowing down of the overall growth rate of population is due to the sharp decline in the growth rate in rural areas, while the growth rate in urban areas remains almost the same," Chandramouli said. However, according to the report, the number of births in rural areas has increased by 9 crores in the last decade. The statistics reveal that while the maximum number of people living in rural areas in a particular state is 15.5 crores in Uttar Pradesh, Mumbai tops the list having the maximum number of people in urban areas at five crores.

The data also reflects that 18.62% of the country's rural population lives in Uttar Pradesh and 13.48% urban population lives in Maharashtra. In New Delhi buoyed by strong growth in Internet consumption on mobile devices, the number of people online in India is forecast to touch 302 million by end of this year, overtaking the US as the second-largest Internet market in the world. According to a report by the Internet and Mobile Association of India (IAMAI) and IMRB International, the number of Internet users in India is expected to grow 32 per cent to 302 million this year from 213 million at the end of December last year. The Internet user base in the country is further estimated to grow to 354

million by June 2015. Currently, India has the third-largest Internet user base in the world but with the estimated growth, the country will overtake the US as the second-largest Internet user base in the world by December-end. At present, China leads with more than 600 million Internet users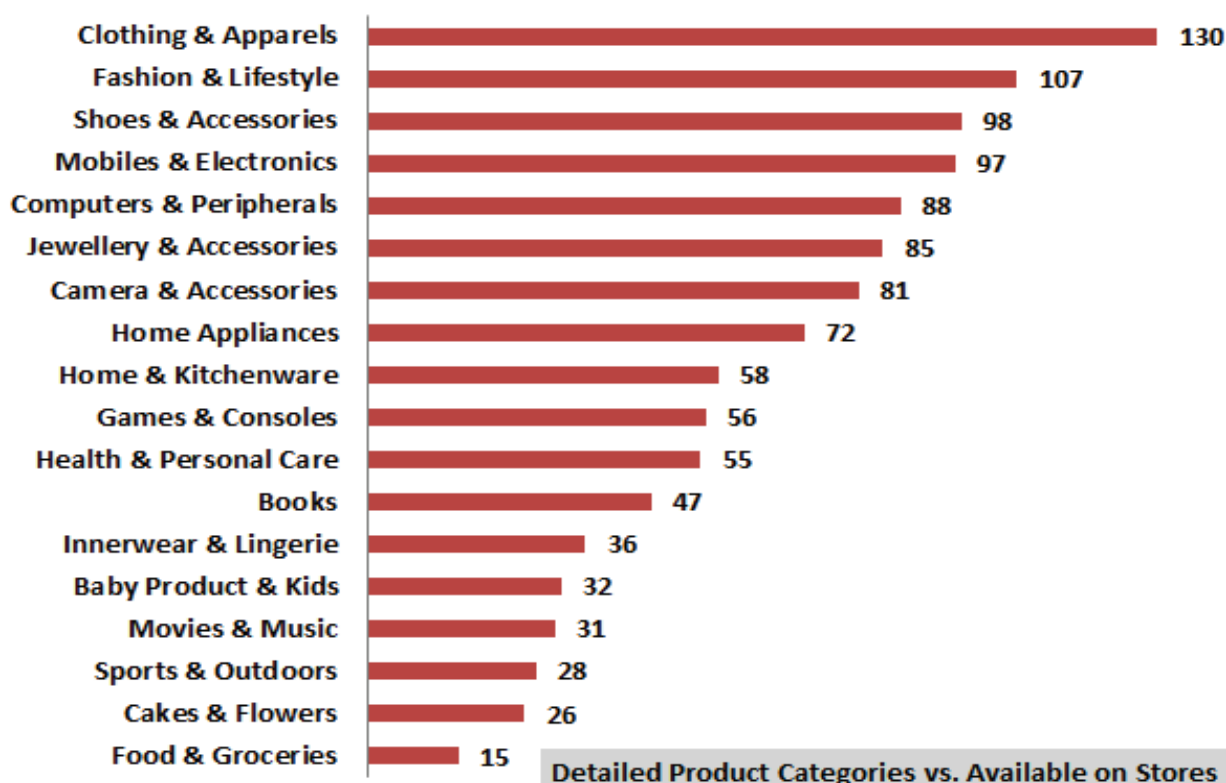, while the US has an estimated 279 million users. "The Internet in India took more than a decade to move from 10 million to 100 million and 3 years from 100 million to 200 million."However, it took only a year to move from 200 to 300 million users. Clearly, Internet is mainstream in India today," IAMAI-IMRB said in a statement. Of the 278 million users, 177 million are in urban India, higher by 29 per cent from last year. This is expected to reach 190 million by December 2014 and 216 million by June 2015. In rural India, the number of Internet users increased by 39 per cent to reach 101 million in October 2014. It is expected to reach 112 million by December 2014 and 138 million by June 2015.

All the above statistics shows that the in the following sequence that a) the population of rural India comprising of low class & middle class families are the main source of the future potential of India. All the urban cities of India are more over saturated with world standard products, services, concepts and ideas. We have our major treasure lying in the rural region. b) The use of the internet is growing and as per above statistics we have 101 million internet users in the rural division. This growth has to be exploited by the online companies and in turn the e-commerce industry of the country. It is high time the flow of the online corporate to be into the flux of the rural India population where a little efforts above the normal thrust would be sufficient and enough for the companies to establish to have a long standing footing in the region.

Also considering the consumer behaviour patterns of rural India as compared to the urban population is more predictable. Once a trust is created by the corporate in the minds of the people of the less educated & less civilized region, they will never turn out of loyalty.

IN 5 YEARS
INDIA's RURAL MARKET
WILL BE

2X BIGGER

THAN
INDIA's URBAN MARKET TODAY

Present product categories sold through online companies

Category	Value
Clothing & Apparels	130
Fashion & Lifestyle	107
Shoes & Accessories	98
Mobiles & Electronics	97
Computers & Peripherals	88
Jewellery & Accessories	85
Camera & Accessories	81
Home Appliances	72
Home & Kitchenware	58
Games & Consoles	56
Health & Personal Care	55
Books	47
Innerwear & Lingerie	36
Baby Product & Kids	32
Movies & Music	31
Sports & Outdoors	28
Cakes & Flowers	26
Food & Groceries	15

Detailed Product Categories vs. Available on Stores

Source: International Conference University of Madras

Recommendations: There are piles of possible tunnels of possibilities for the e-commerce companies in India both national & international to reach the rural India. It is pertinent for the e-commerce industry to try out all possible measures & remedies to contain the rural map of India within its threshold fold as part of a social responsibility too. It shows that it would turn commercial as well as social for the online business to spread its wings into the lesser privileged class of India.

1) **Establishment of kiosks in all villages**: Since desktops, laptops or palmtops are not part of the rural population internet is still a myth among them. Also by any means if at all a gadget is procured reach of an ISP service is not a possibility and all the more the online websites in English will not be a blessing. Hence Kiosks with adequate security where a touch screen facility in local vernacular language is available the inhabitants can order online goods, at least the agricultural related products like pesticides, fertilizers, seeds, small pumps & medium range tools can be ordered online. Upon installation of the Kiosks awareness programmes can be conducted by the companies for initial push of the web.

2) **Delivery by IPO (Indian postal department):** The online companies can enter into agreement with Indian postal department for deliveries. India Post has the largest postal network in the world with 1, 54,979 post offices across the length and breadth of the country as on 31 March 2010. Out of this total, 1, 39,182 were in rural areas and 15, 797 in urban areas. On an average each post office serves 7176 people and covers an area of approximately 21.21 sq. km. It means that the companies can easily tie up with the postal department at economical cost for deliveries.

3) **Online payments & cash on delivery:** Since the rural population does not have debit/credit cards, it would be difficult for online payments. Also the working class or labour class always remains out of the houses from 9 to 6 PM. Hence cash on delivery too would be a difficult option for payment. An option is to ensure that every member should be encouraged to open a personal savings account in any of the bank nearby without cheque facility which would enhance faster withdrawals. The online companies can add account details in the website in the vernacular language and money can be withdrawn upon order placement. The companies need to design a unique arrangement with the banks to smoothen the operations.

4) **Subsidized prices for rural area with Government interference:** The online companies need to enter into discussions and agreements to provide the products & services to rural category under government subsidies. This will encourage the respondents to come closer and become familiar with the online ordering systems

5) **Versatile measures for reach of the concept:** The online companies within the e-commerce industry have to brainstorm on various ways and means to reach the rural. Companies from Unilever to PepsiCo (PEP) to Mondelēz International (MDLZ) are turning to mobile campaigns to win over consumers who live in locales where cable television or even newspapers may have limited reach. In a country where most people don't live in big cities and 88 percent of phones aren't smart, the tuneful approach makes sense because rural spending growth now exceeds that of India's urban centers. And mobile phone ads cost less and are more targeted than mass media campaigns on the subcontinent.

6) **Brick 'n' mortar infrastructure in the rural soil:** Organizations need to understand that land and space cost in the rural sectors of India is much more economic and available readily for the infrastructure make over. Hence it would be easy and viable to build up small warehouses & employ manpower at cheaper rates in these villages and delivery would turn out faster for the online orders received either through Kiosks or through web ordering.

7) **Selling through existing outlets:** Recently BIG BAZAAR has supplied ipads to certain shops where the customers can reach the store and use the ipads for online ordering of items of all sort from Big Bazaar shelves. Home delivery will be subsequently followed within stipulated time for these orders. It means that the same can be applied for the online companies to provide palmtops or ipads to exiting outlets in the villages and thereby enhancing a village farmer to order the items with the help of the existing owner of the shop. On every order or any parameter the shop owner can be compensated which has to be amicably designed by the companies.

8) **Medical e-tailing to rural India:** Availability of many medicines have become a dream in the rural category of India. If a

channel is established by the online companies with the government clinics & health centers to make available all possible medicines from the international market in the village sector our health index ration would rise and death ration specially child mortality can be reduced to a great extent.

Conclusion: Although Amazon, flipkart, snapdeal,paytm, ebay, Jabong, myntra,shopclues. HomeShop 18, ZOVI, infibeam, firstcry, indatimes shopping, tradus.in, KOOVS are the top ranking online shopping companies presently sharing the leading market shares, none of them have thought of penetration for operation into a rural market. Major disadvantages they scale as reasons for discouragement are: a) not economic for remote regions b) payment process too hazardous

c) Not enough roads & infrastructure for delivery d) lack of vernacular websites e) replacement & warranty not at all viable etc.

But it should be taken into deep consideration that the country cannot ignore the rural region of India in their national growth. When the country is striving for a national growth under the present Modi Government we need to carry along with us the fellow citizens too. We have a huge society left behind who has not enjoyed any privileges or pleasures of the daily life. Every individual, society and the corporate of India has a moral responsibility commercially and personally to be compassionate towards the growth of the rural India. We do not need to approach them with Charity if that is not the principle we uphold, but at least every sector of the Commercial India is obliged to provide them with the Infrastructure, provisions, channels to uphold them and make them see what the real INDIA is.

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