

ENHANCING RURAL E-COMMERCE ACTIVITY THROUGH EFFECTIVE SUPPLY CHAIN MANAGEMENT: A CASE STUDY

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Abstract- A supply chain is a network of facilities and distribution channels that encompasses the procurement of materials, production, assembly and delivery of product or service to the customer. The roles of various actors involved differ from industry to industry and company to company in the management of the supply chain. Supply Chain Management has become a vital issue for manufacturers, professionals and researchers as a result. This paper provides an idea and facts and figures on e-commerce in India. In addition the approach for understanding depth of Supply chain is proposed which explores the domain of SCM. This paper gives an insight into how supply chain management is handled in rural parts of the country and how efficiently it is or it can be managed.

Keywords – E-commerce, Supply chain management, CSC

1. INTRODUCTION

E-commerce is not only about trading and shopping using the Internet. It also potential commercial enterprise effectively at whole process levels. India's business is growing worldwide in e-commerce. Execution, control, Design and planning of supply a in activities along the goal on growing net worth, leveraging global logistics, constructing a competitive infrastructure, synchronizing supply together with require or ascertained performance globally is defined of SCM.

Managing the goods and services which in valves storage and movement of raw materials and completed goods starting with start of the goods till utilization of those goods is called SCM.

2. E-COMMERCE

E-commerce is selling or buying of services and goods, or transmission of data or funds, via the internet. These transactions occur either as B2B, B2C, C2C or C2B.

The total number of users making transactions online has grown from 110 lakhs in 2012 to 380 lakhs in 2016 in India. The private companies have played a major role in the growth of e-Commerce in India.

Modes of e-Commerce transactions

business efficiency at all operation levels is called as E-commerce. As of 2015, only 26% of the local population was using the internet; almost 10 times the audience size from the previous decade. According to recent market research, mobile phone internet user penetration in India is projected to reach 37.36% of the population in 2021, representing a huge potential in terms of digital and mobile buyer audience. Total internet audiences in India are estimated to surpass 6350 lakhs online users in 2021.

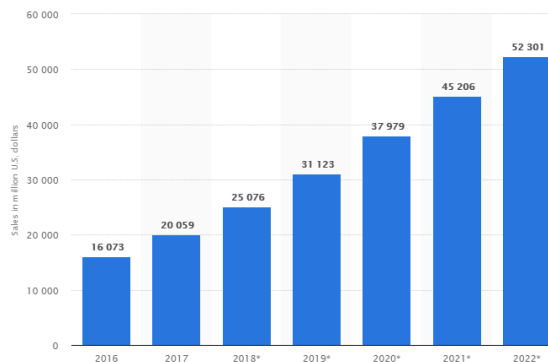


Fig 1

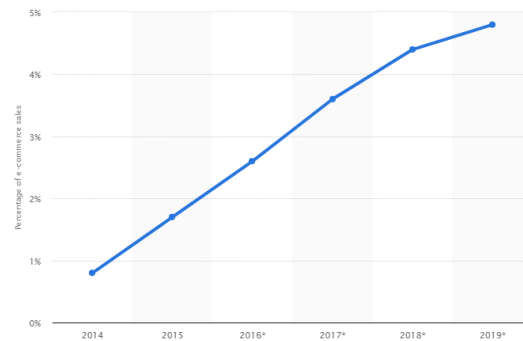


Fig 2

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Figure 1: In 2016, the sale of physical goods via digital channels in India amounted to INR 1607 crores in revenues. This statistic provides the retail e-commerce volume in India from 2016 to 2022.

Figure 2: In 2015, e-retail sales accounted for 1.7% of all retail sales in India, this figure is expected to reach 4.4% in 2019. This statistic shows retail e-commerce sales as a percent of total retail sales in India from 2014 to 2015, and a forecast until 2019.

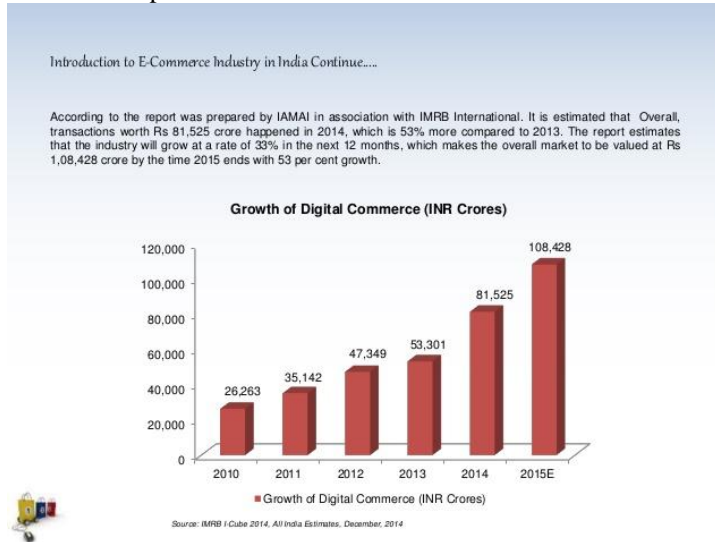


Fig 3

3. E-COMMERCE IN RURAL SEGMENTS OF INDIA

It was thought earlier that e-Commerce organizations have no reach to the rural areas in India. However, there have been certain developments in India in the recent past which have connected the rural areas to the latest technological trends.

Rural businesses use Internet for various activities like on-line banking, communication, paying, product promotion, market research, document delivery, B2B trading and SCM.

The postal service is one of the systems that has the power to connect to the entire country. It reaches to almost all areas, in remote locations too. The past 2 years have witnessed dramatic growth for the postal service. The reason is that the department which had been under loss since many years has now collaborated with more than 400 e-Commerce organizations which also includes organizations like Flipkart and Amazon for product delivery. There are around 1.5 lakh post offices in India and they are connected with delivering the goods to users in rural areas.

There are many e-Commerce companies which have reached the villages of the country and have supported through their strong logistics channel in making the country digital. In some places, these companies use their own delivery services, however, most of the places use third party delivery which includes postal services as well. A survey was conducted to analyze the services of various e-Commerce companies to check whether they have access to the Indian villages or not. They randomly checked 100 villages' pin codes for a specific product from the biggest players of the e-Commerce like Flipkart, Snapdeal and Amazon. The villages from Haryana region were surveyed.

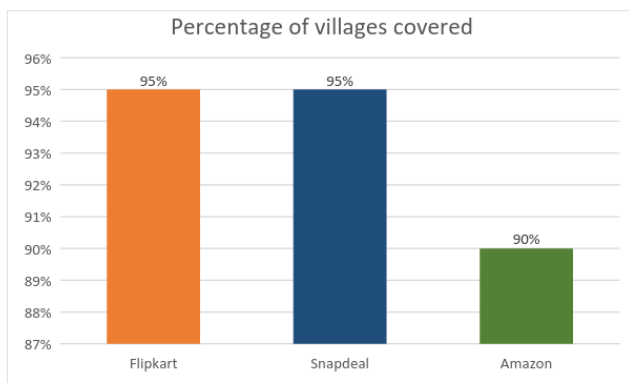


Fig 4

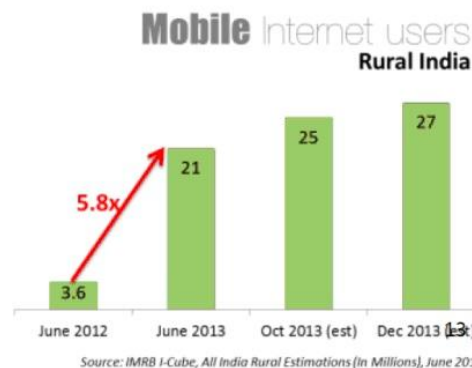


Fig 5

These are the biggest online retail stores of the country and they have increased their revenue many times with the coverage of cities, towns and now the villages. The companies have noticed that there has been high demand of goods such as electronics and utensils from the villages.

Ipay, Inthree – Boon Box, Storeking, MVikarsha, eDabba etc. are some of the e-Commerce companies that are targeted only to the rural markets.

4. FRAMEWORKS FOR RURAL SUPPLY CHAIN MANAGEMENT

The purchase decisions of rural consumers is influenced by the wide reach of media and telecommunications .

The undeveloped area in India consists of about 6.5 lakhs villages which are inhabited by about 8500 lakhs consumers making up for about 70% of population. Consumption patterns within these rural areas are changing gently in imitation of increasingly resemblance to the patterns regarding town areas . Rural India gives a vast then appealing investment probability because personal corporations remaining according to the beneficial altering wreck trend namely well namely the dynamic altar over the demand.

Under its ambitious project called Digital Village , The Government of India is looking to install Wi-Fi hotspots at more than 1k gram panchayats across India, to provide internet connectivity for mass use in far-flung areas. As the trend with urban India, consumers in the rural regions are expected to embrace online purchases over time and drive consumption digitally. The basic telecommunication services are already well covered in rural areas and are also witnessing the increased penetration of digital devices. The companies trying to enter and establish themselves in the rural market view the online portals as key channels taking advantage of these developments. The Internet has become a cost-effective means for a company looking to overcome geographical barriers and broaden its reach.

“If Digital India is successful, rural Indians may well beat their urban counterparts online” is what a report in Financial Express says. The path to the empowerment of vast areas of rural India that lie disconnected lies in digitalisation. Digital connectivity is a basic amenity today. This is one of the thoughts behind the government’s Digital India programme that aims to expand the digital infrastructure to connect the entire country and provide a digital platform for banking, governance, healthcare and educational services.

All indications are that rural India will welcome the digital inclusion efforts. The Rural Indians have been found using online in increasing numbers and are expected to catch up with the urban India by 2020 according to surveys, where 48% of the online population will be from rural India (up from 36% in 2016).

4.1 Challenges:

- 1) Unawareness & reluctance in the rural populace.
- 2) Poorly connected transportation network [10].
- 3) Government has a Role to Play.
- 4) Explore the Opportunities of Mobile Internet.
- 5) Required Improvements in the Indian eCommerce Landscape

4.2 Ongoing Improvements:

- 1) Indian Postal Services for Delivery network
- 2) Ecommerce startups specifically targeting rural areas
- 3) Government’s policies to smoothen things up for start-ups.

4.3 Case Study:

Adnan Khan, who runs a dental clinic in Meerut, could not follow up on the status of his Aadhaar card application due to his hectic schedule. He sought details with the nearest common service centre (CSC), an e-governance delivery centre having basic computing infrastructure which is run by the local community entrepreneur after a delay of few months. To his pleasant surprise, the CSC delivered the printed Aadhaar card the next day. The dentist had to pay only Rs 50 for the service.

To offer a trouble free government service experience, A cash on delivery option for government-to-citizen (G2C) services has also been launched by CSC. To obtain documents one need not stand in a queue. Services would be available at home by merely submitting an online request,. Aadhaar card related services are being currently offered under this program. According to stats about 10% of total 100 crore Aadhaar enrolments have been done by CSCs and almost 40% of Aadhaar applications are being generated through CSCs.

Most of the CSCs work as agents for insurance companies by collecting premium and selling insurance products. According to an estimate by CSC, they collect 1 crore premium every day, leading to enhanced commission for the local entrepreneur and higher renewal rate for insurance firms. An e-commerce platform for enabling village level entrepreneurs to sell popular local products across the country is being built by CSC. It is now pondering to purchase its vast network to provide internet services in rural villages. They are now trying to create a platform to do something with the products which are unique in India, which means that entrepreneurs will be encouraged to sell popular local products like Agra shoes.

5. ADVANTAGES

1. Improved efficiency.
2. Inventory and cost is reduced.
4. It helps to take competitive advantage over competitors.
5. It increases ability to implement just-in-time delivery, increases on-time deliveries, which enhances customer satisfaction.
6. It reduces cycle time, increases revenue, by providing improved customer service.
7. It improves order fulfillment, order management, decision making, forecasting, demand planning, and warehouse/distribution activities.

6. LIMITATIONS

1. Supply Chain Management can be very expensive to implement sometimes.
2. Competitors can copy the strategy of Supply Chain Management.
3. Many functions may get difficult in SCM to be managed.
4. Master data maintenance is increased.
5. For maximum benefit configuration expert knowledge is required.
6. Incorrect processing leads to more complexity in resolving problems.

7. CONCLUSION

Rural consumer markets in India is expected to be faster than urban consumer markets according to surveys. The customer do not order things which are of little use. Thus, companies save huge amounts of money in logistics charges spend on taking back the delivered goods. Consumers of rural areas are expected to embrace purchases online over time and drive consumption digitally as is the trend in urban India. We conclude by telling that urban counterparts may get beaten by rural Indians online in the near future. Supply chain management and e-commerce taking over most parts of India.

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