

## How online shopping is changing rural India

[Anil K. Rajvanshi](#)

[anilrajvanshi@gmail.com](mailto:anilrajvanshi@gmail.com)

I stay in rural Maharashtra in a town called Phaltan. We have reached a stage in life where [we hardly shop](#) but sometimes need specialty items like books, computer peripherals, herbal teas, etc. These items are not available in our town and so we do online shopping. In the last year or so we have discovered the power of such shopping.

In recent past we would go once a month to Pune to buy a few things. Now because of online shopping such trips to Pune have drastically reduced – and for good reason. It takes about 3 hours to reach Pune, driving over pot-holed roads, which produces back pain. Besides the traffic jams and pollution in or near Pune adds to the discomfort of such a trip. Also going to Pune for a few items was quite a chore and waste of energy and time. Now online shopping allows us the luxury of getting all sorts of items at home.

Such online shopping is being discovered in all rural towns and areas around the country. However for such e-commerce to take place it is necessary to have a good internet connection, ability to sift through the various items offered and zeroing on selection of quality material. All this is possible by googling the items and comparing their prices and specifications.



I find that rural population is learning this search-and-pick at amazing speed-which is reflected in the increase of sales in rural areas via online shopping. They also order items seen on TV ads and those passed by word of mouth. With mobile penetration in rural India this shopping is also facilitated by various smart phone apps so that desktop PCs are not required. The goods to rural

households are delivered by young delivery boys mostly on motorcycles (and sometimes on cycles) and who track the address via mobile phones.

Nevertheless this online shopping is fuelling the consumerism in rural areas and is the engine which is helping it to urbanize. It is happening because it produces a win-win situation. For

example one can get quality goods at substantial savings, as they are usually much cheaper than what one would pay in a shop in Pune or other big cities.

Besides most of the times the goods are shipped free and cash-on-delivery basis so that people who do not have access to credit cards can still shop online. Also the time and energy used in actual shopping and going to big city is saved. This is the reason why e-commerce has spread so rapidly all over the world and rural India is only now getting the benefits of this revolution.

The foray of the online companies in rural India is also fuelling the job market-it is providing employment to [large number of rural youth as delivery boys](#). Besides, it has [given a shot in the arm to loss-making India Post](#) since their large network of postmen is being used by e-commerce companies to penetrate rural areas.

However such shipments are energy intensive. For a small item the packing is almost 3-4 times the size of the item. This is waste of material, adds to the weight of shipment and to the transport energy cost.

Secondly quite a number of times the item which is manufactured locally is shipped to big cities and then again to the final destination. For example we ordered a packet of mango pickle (of a brand that is not available in Phaltan) which is manufactured about 45 km from our rural town. This packet was shipped to Bangalore (a distance of 800 km from Phaltan) from where it came to us! This is a real wastage of energy in transport but the shipping company may be finding it cheaper to do so for whatever reasons. Yet with all this travelling around we got this packet at nearly half the price of what we would have paid in a Pune shop.

So how do companies like Amazon, Flipkart, Snapdeal and others who have big online presence in India still make money on such transactions? Data from their financials reveal that [presently all of them are losing money](#) primarily because it is the start of e-commerce boom in India. However they feel that there is a great future in online shopping and with time their profits will increase. Thus, only those companies with deep pockets will survive since they have the staying power to penetrate the rural markets.

## [HOME](#)

Syndicated by IANS on 23 June 2016 and published in [Economic Times](#), [Moneylife](#), [Business Standard](#), [Hindustan Times](#), etc. Published [as a blog in Huffington Post, 4 July 2016](#).