



E-Commerce and Challenges in Rural India

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ABSTRACT

The Government's digital initiatives, along with the growing use of cellophanes and the internet, are all contributing to the growth in e-commerce in rural India. Local farmers and artisans now have access to new markets thanks to this expansion, but it also faces obstacles like poor digital literacy, a lack of trust in online transactions (which prefer cash on delivery), language barriers, and the need to modify platforms to suit regional requirements. To fully realize its potential, localized content, enhanced logistics, and digital skill training must be prioritized. India's economy is rapidly changing due to e-commerce, or the buying and selling of goods and services online, particularly in the rural areas of the nation. This study explores the key factors driving India's expanding e-commerce industry, with an emphasis on the importance of growing internet and smartphone penetration in providing access to online marketplaces. E-commerce is one of India's most active and promising industries, with enormous potential for growth, according to this study, which is based on secondary sources such as papers, journals, reports, and conference proceedings. Investment in India's e-commerce industry has significantly increased, and experts predict that this trend will continue. The ASSOCHAM and Forrester joint report, which projects that internet sales will rise from \$30 billion in 2016 to \$120 billion in 2020 a 51% annual growth rate further emphasizes this trend. This rise is being driven by a number of causes, including changing consumer preferences, increased demand for digital services, and Government initiatives to provide internet access to underdeveloped areas.

KEY WORDS

E-Commerce, Challenges, Rural India, Government, Digital.

INTRODUCTION

The rural Indian market offers unrealized potential to become the top market for the vast majority of e-commerce enthusiasts who aspire to become entrepreneurs. Since India's independence, little has been done to promote the distribution of rural commercial goods within its borders. Therefore, it is urgently necessary to accelerate the growth of commercial organizations and e-commerce enterprises in rural areas. India is one of the most diverse nations in the world, with more than 70% of its people living in rural or village areas.

India has emerged as one of the world's most diversified nations. The main sources of income for residents of rural areas are agricultural goods and common crops that they cultivate. Since obtaining independence, India's agricultural processing sector has grown in strength. It accounts for half of the nation's economy, and a sizable portion of the workforce works in agriculture, which is their main source of income. It is concerning that India has not witnessed the rapid growth and development of agribusiness. This is because most of the people who have managed to live in rural areas own small, geographically remote pieces of land. Ultimately, their knowledge of contemporary farming practices and methods is lacking. Moreover, they lack the facilities necessary to fully utilize them.

A key component of economic growth is the efficient use of agricultural potential, which may eventually lead to the creation of an agriculture-based economy. Development will be primarily driven by the rise of the agricultural sector, which has been the main source of growth in previous years. According to IAMAI, India is ranked second with a score of zero. There are 451 million active Internet users worldwide. This total estimate includes both urban and rural areas. Many Government initiatives that are connected to the broader concept of "digital villages," or locations where the maximum number of people will be able to use internet facilities, have significantly increased the number of people who use the internet.

E- Commerce in Rural India

E-commerce is expanding in India's rural areas due to the recent broad adoption of online purchasing. The great majority of people have a propensity to use online platforms to purchase different kinds of community and enjoy different services. Not only is this behaviour limited to urban areas, but it also has serious consequences in India's rural communities. In India's rural areas, the proportion of individuals with mobile phones and Internet connection is much greater. In order to keep an eye on the massive amount of digitization taking place in India, the Indian Government has not hesitated to use fibre optic connections to connect all of the nation's villages and small towns. In this regard, the Indian Government's goal is to ensure that those who reside in rural or isolated areas of the nation can take advantage of the benefits of using online services. The growth of e-commerce has been absolutely amazing, based on the sales data that have been amassed over the past few years. One measure of the company's success in 2018 was the overall amount of sales earned via e-commerce. In recent years, the country has seen a significant change in how big e-commerce companies like Amazon, Flip Kart, and others have extended their operations into towns and rural areas. People who reside in India's rural areas now have the possibility of having their way of life changed. With minimal effort, they are able to obtain every brand available in a single store.

E-commerce gives small businesses and shops in rural India new ways to sell goods online. These chances give them a way to grow their companies and increase product sales. Thanks to the availability of internet facilities in rural parts of India, people may now access the things they want at the location of their choice. Customers in rural areas have been able to adopt a different and more desired way of life thanks to this, while businesses that engage in e-commerce have been able to develop large customer bases by meeting the needs of people living in rural India. India's postal systems are able to link many different places worldwide.

Its development and evolution have been joyful journeys. It now resides in India's most remote areas. In rural areas, there are over 1,55,000 post offices that are connected to guarantee that customers receive their orders no matter how far away they are. The e-commerce industry has shown its commitment to supporting our country's efforts to digitize itself through the use of logistics in this critical field. India Post has partnered with more than 400 online retailers in the last two years. Social reform has been anticipated as a result of e-commerce within the community, especially in rural areas. Most internet users in rural regions are younger than 25. Young people now have the opportunity to get more useful things whenever they want, which not only changes their lifestyle but also fosters trust and opens up new opportunities.

Present E-Commerce Bodies Working in Rural India

In the fast-changing modern world, India is at the forefront of shaping the global economic structure. The world has noticed that India's economy has been expanding. Sanitization, electrification, and digitization of panchayats are among the objectives that rural India is working toward. Alongside these advancements, the regions are generally improving. This is an excellent example of how inclusive development and teamwork may succeed. The empowerment of nearby merchants and other local company owners has the ability to guarantee the rural financial system's ascent to its pinnacle. This will also raise our customers' quality of life in rural areas. There are still many challenges that must be solved in order to empower our local retailers, despite all of the effort that has been put in. Price-sensitive markets, cash-collected markets, limited access to technology and funding, transportation challenges, and last-mile connection are some of these barriers.

Store King

Store King has helped more than 40,000 merchants across ten states. Store King is the greatest and most important participant in the cutting-edge rural distribution market. It acknowledges the influence of a kirana owner's reach and his patrons' understanding. This platform works with kirana shop owners to help them realize their full commercial potential. Boon Box: By creating an ecosystem that includes financial services firms and brands both of which are normally unavailable in rural towns and villages—Boon Box, a tech-assisted rural consumer platform, tackles the problem of retail product affordability and accessibility for over 150 million rural consumer households. This portal is currently operational in 3 lakh villages across more than 16 states.

Mahila E-haat

Mahila E-haat is a unique online marketplace that promotes women's economic and social independence. It is anticipated that over 125,000 women will benefit from this website since its introduction. It is expected that a paradigm shift will take place, allowing women to use technology to exert an excessive level of control over their financial circumstances. Rural malls, also called Chau pal Sager, offer a wide range of goods, from fast-moving consumer goods like groceries, personal care products, cigarettes, branded clothing, education and stationery supplies, incense sticks, and safety matches to technology devices and cars.

E-Choupal

Since its launch in 2000, E-Chou Pal has expanded to become India's largest rural development initiative, supporting four million farmers in over 40,000 villages across ten states (Kerala, Madhya Pradesh, Andhra Pradesh, Rajasthan, Uttarakhand, Uttar Pradesh, Haryana, and Maharashtra). E-Choupal is an online e-procurement platform created especially for farmers that provides them with thorough information on agricultural productivity and best practices. ITC uses this strategy as a network to market food and fast-moving consumer items.

E-Commerce Impact on Rural Economies

- **Employment Growth:** E-commerce creates job opportunities in faraway locations, which helps to increase employment. People can work for multinational companies without having to relocate because

it eliminates the traditional geographical restrictions. Jobs in a wide range of industries, such as logistics management and customer service, can now be created thanks to the digital revolution. Smaller communities now have more job opportunities as a result of e-commerce companies' need for storage and delivery services.

Rural residents frequently pick up new skills to meet the demands of online shopping. They gain experience in a variety of fields, including digital marketing, e-commerce platform administration, and data research. This kind of skill development increases each person's employability as well as the workforce's overall capacity in rural areas.

- **Income Sources:** The struggle against poverty has been greatly aided by the development of new revenue streams made possible by the growth of e-commerce. Artists and farmers can sell their goods directly to consumers worldwide without the need for expensive middlemen. Because of this direct sales approach, rural residents may be confident that their livelihoods will be stable and their earnings will increase. Local businesses can reach a wider audience and enter regions that were previously unreachable due to geographic limitations by utilizing online platforms. Internet sales keep more money in local communities, creating more chances for stability and economic growth.
- **Economic Resuscitation:** Case studies show how e-commerce contributes significantly to rural economies' resuscitation. However, online businesses are starting to flourish in areas where traditional sectors have suffered. For example, small manufacturers in rural locations may now use e-commerce platforms to reach clients worldwide, which has improved local communities and helped their businesses grow. A village that was able to revitalize its economy by selling handcrafted goods online is one particularly notable example. Significant revenue was produced as a result of the surge in online sales, which made it possible to upgrade local infrastructure and provide jobs for locals. This accomplishment serves as an example of the substantial influence that internet-based businesses may have on the financial health of isolated communities.

Challenges in E-Commerce Businesses in Rural India

- **Ineffective and Inept Internet Service:** The bulk of rural communities within India's borders have ineffective and incompetent internet access, which prevents e-commerce businesses in these areas from operating effectively. More generally, only 18% of people who reside in rural areas have access to the internet. This has grown to be a major barrier to e-commerce and affects the industry's viability in rural areas. Even though the rate mentioned above will rise in the upcoming years, it is now difficult.
- **Insufficient Trust:** Most people in rural India find it difficult to wager on items sold online due to a lack of confidence. There are several reasons for this, such as worries about product damage or theft, challenges with returns, and other related problems. Therefore, every company worth its salt must establish confidence before entering India's villages or rural areas.
- **Inadequate Transportation Infrastructure and Connection issues:** An even more important and difficult challenge is the absence of sufficient transportation infrastructure in most rural areas of the nation. It will take several weeks for goods that are delivered to urban areas in a matter of days to reach the rural address (and this is only the case if the delivery is made to a specified space at the initial location). Positively, however, e-commerce companies often have a good understanding of the demographics of rural India. They collaborate with the Indian Government and local communities to capture this vast untapped market share.
- **Currency Challenge:** The currency barrier is one of the main issues that the majority of regular Indian e-commerce businesses face. Each country has different laws governing the import and export of products. The fluidity of all online purchases is thus controlled by problems with credit card limits and exchange rates, which negatively affects e-commerce operations. The e-commerce site is now being created to accept numerous payment options in order to make things easier for customers.

- **Absence of Knowledge:** Many individuals in India's rural areas are unaware of how to shop online, which is a problem for businesses. Therefore, there should be a process for increasing knowledge regarding online shopping.
- **Personalization is a Challenge:** Given the intense competition that domestic e-commerce vendors face from retail establishments, customisation is undoubtedly one of the biggest issues they are now facing. Many individuals still prefer to shop at retail locations since they can physically inspect items before making a purchase, even though India is a developing country. However, retail businesses have a distinctive selling offer that is thought to be challenging to duplicate through internet sales.

CONCLUSION

The study not only provides insight into the current state of e-commerce, but it also highlights factors that could be critical to its expansion, especially in remote and rural areas. Due to the internet's extensive availability, e-commerce has experienced a growth in recent years. However, a number of fundamental barriers are keeping e-commerce from expanding quickly and from reaching rural and distant locations. Low literacy rates, slow internet speeds, transportation, payment methods, and security issues are some of these factors. The majority of rural residents still buy and sell goods at the local market, according to the statistics.

For instance, people in rural areas are unwilling to use mobile or online banking, thus they prefer cash on delivery, clear information about products and delivery times, and simple payment methods. These are some of the ramifications and suggestions that can enhance e-commerce in rural areas. E-commerce businesses are able to supply the goods by using village promoters. These online retailers carry goods to a village center so that residents can pick them up rather than delivering them to homes in rural locations. This is the idea that underlies the concept. On the other side, rural stores can work with electronic commerce to help firms manage orders and deliveries in a local context. Additionally, the expansion of e-commerce in rural areas will be aided by the availability of apps in regional languages. We will be able to raise the standard of services offered in rural areas and increase the success of rural e-commerce by putting these consequences into practice. Without a doubt, one of the nations with the fastest-growing e-commerce sectors is India. By connecting the rural population, it will be able to function more efficiently on a global scale, which will be advantageous for the "Digital India Program." Additionally, it will serve India's rural areas, which are the real India.

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