

# Presentation on Rural e-commerce

Dated March 16th-2012, DEPARTMENT OF COMMERCE,  
Government Arts College, Thiruvananthapuram, Kerala

"Myths or Reality Check on the notion of rural e-marketing (primarily agriculture and allied produces) suggesting how it can lead to food security"



**By Prof Peter Pradeep,  
Chairman & Co-founder HELP Foundation,  
Visiting Prof MACET**

## TOPIC SECTIONS

- ⦿ E-Commerce
- ⦿ E-Commerce Infrastructure
- ⦿ Rural E-Commerce
- ⦿ Rural E-Commerce Infrastructure
- ⦿ Rural E-Commerce Applications
- ⦿ Rural E-Commerce Application & Food Security



# E-Commerce

# E-Commerce

- ⦿ Refers to the buying and selling of products or services over electronic systems such as the Internet and other computer networks.
- ⦿ Drawing on innovations in electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems.
- ⦿ Modern electronic commerce typically uses the World Wide Web at least at one point in the transaction's life-cycle, although it may encompass a wider range of technologies such as e-mail, mobile devices and telephones as well.

# E-Commerce

- ⦿ Electronic commerce that takes place between businesses is referred to as business-to-business or B2B.
  - ⦿ E:g Commodity Exchange
- ⦿ Electronic commerce that takes place between businesses and consumers, on the other hand, is referred to as business-to-consumer or B2C.
  - ⦿ E:g Amazon.com



# E-Commerce Infrastructure

# E-Commerce Infrastructure

- ◎ Supply Chain
- ◎ Storage
- ◎ Warehousing
- ◎ Inventory
- ◎ Data Warehousing
- ◎ Data Mining
- ◎ Supply Chain Management
- ◎ Forecasting
- ◎ Demand and Production
- ◎ Clearance and Disposal
- ◎ Payments & Cash Transfers

An example taking into consideration

The Tata Motors & the Indica Story



# Understanding Ksheera Sangham model and how they work today in Kerala

# E-commerce Realities

- ICT presents new opportunities for individual and communities to be not only consumers but also producers of information.
- Low cost creation of access and distribution of information requires a network rather than centralized approach.
- Emphasis has to be on the information they carry rather than the technology.
- Today Policy Formulations tend to be biased against rural populations.
- Need for broad based and equitable access to ICT in rural areas factoring in policy changes and Good Governance

# Rural E-commerce Architecture needs

- ICT education and Capacity Building needed to facilitate coalition of stakeholders & institutional partnerships.
- Governments in conjunction with other agencies & NGO,s should develop policies.
- Need to move towards distributed systems from today's centrally maintained reservoirs.
- Distributed Systems link ownership of information resources from various providers. But not ownership.
- Adequate Awareness to be brought in decision makers, stakeholders, regional organizations, ICT investments needs.
- Focus to be on Rural Women, Youth & Physically Disabled People to take advantage of ICT



# Rural E-Commerce

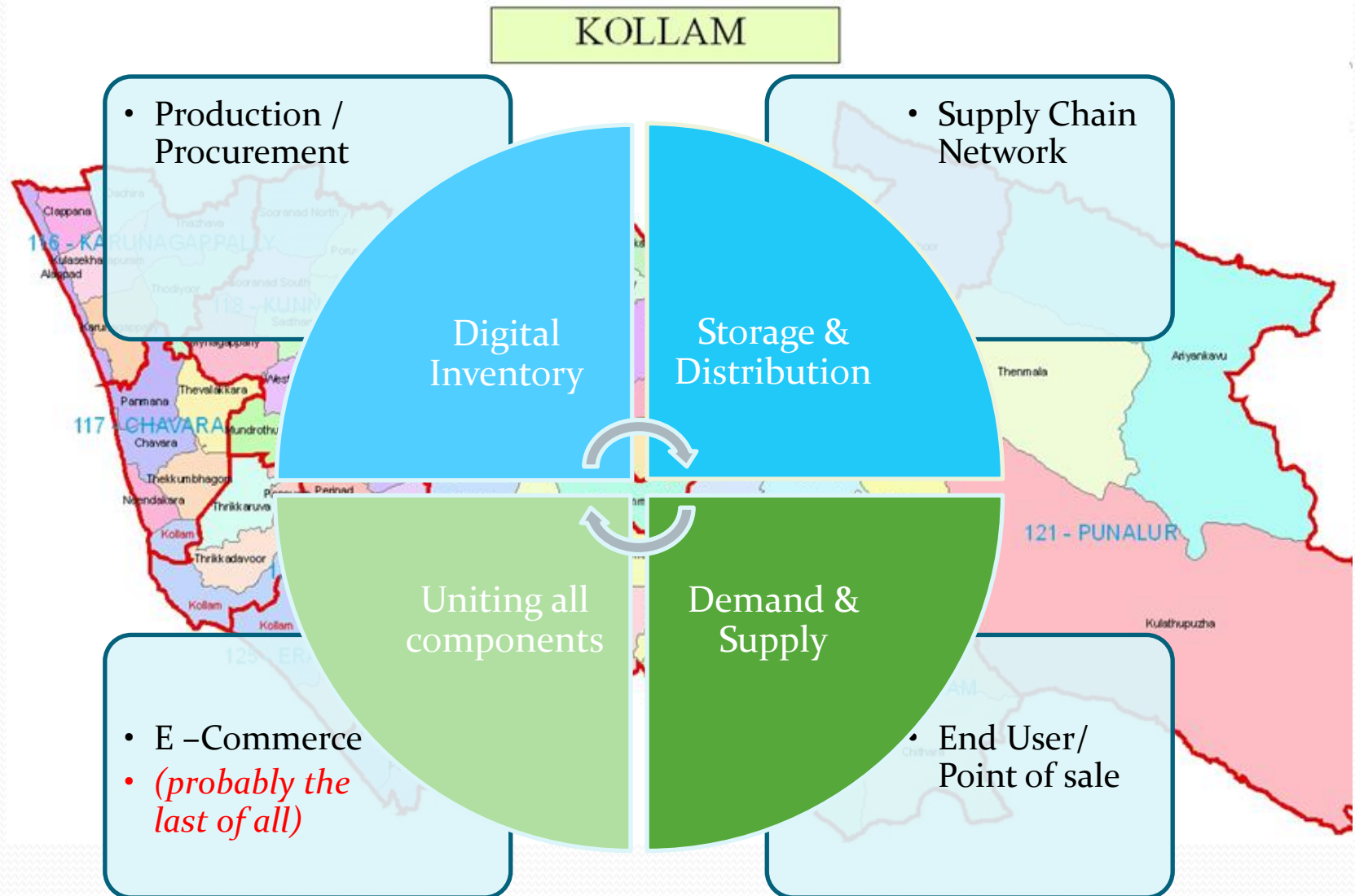
# Rural E-Commerce Requirements

- ① Design the Future
- ① System Design
- ① Access , Infrastructure
- ① Production Units
- ① Tools & Connectivity
- ① Packaging & Branding
- ① Application & Education
- ① Market Network

# Rural E-Commerce Implementation

- ◎ Create an Action Plan
- ◎ Implement & Evaluate
- ◎ Sustainability
- ◎ Capacity Building
- ◎ Empowerment of Panchayati Raj Institutions & elected Representatives
- ◎ Newer Application
- ◎ Research

# Rural E-Commerce Implementation





# Rural E-Commerce Infrastructure



# Production / Procurement

## Production

- Family Enterprises/  
Production Houses
- SHGs, Micro Enterprises
- Technical Know How
- Expertise
- Finance
- Raw Materials
- Promote organic and people participatory production

## Procurement

- Products are to be collected directly from producers and farmers
- Avoid chemical preservation
- Processing to finished products and hygienically packaged
- Value addition and timely delivery

# Infrastructure

## Rural Marts / Outlets

- Located in every village or at ward level of a Panchayat
- Point of collection & distribution

## Micro Enterprises

- Products
- Brands
- Agriculture produce
- Production on demand or demand based production
- Service outsourcing or giving right to production house for common brand against strict quality measures

# Packaging & branding

## Products & Brands

- Micro enterprises can have their own brands
- A common brand owned by joint fund and offer it's right to local groups
- Common packaging facility can be offered
- Panchayats or other entities can step in here.

# Role of E-Commerce

## Demand

- Identify demand through the number of customers to whom we have access and their demand in various needs

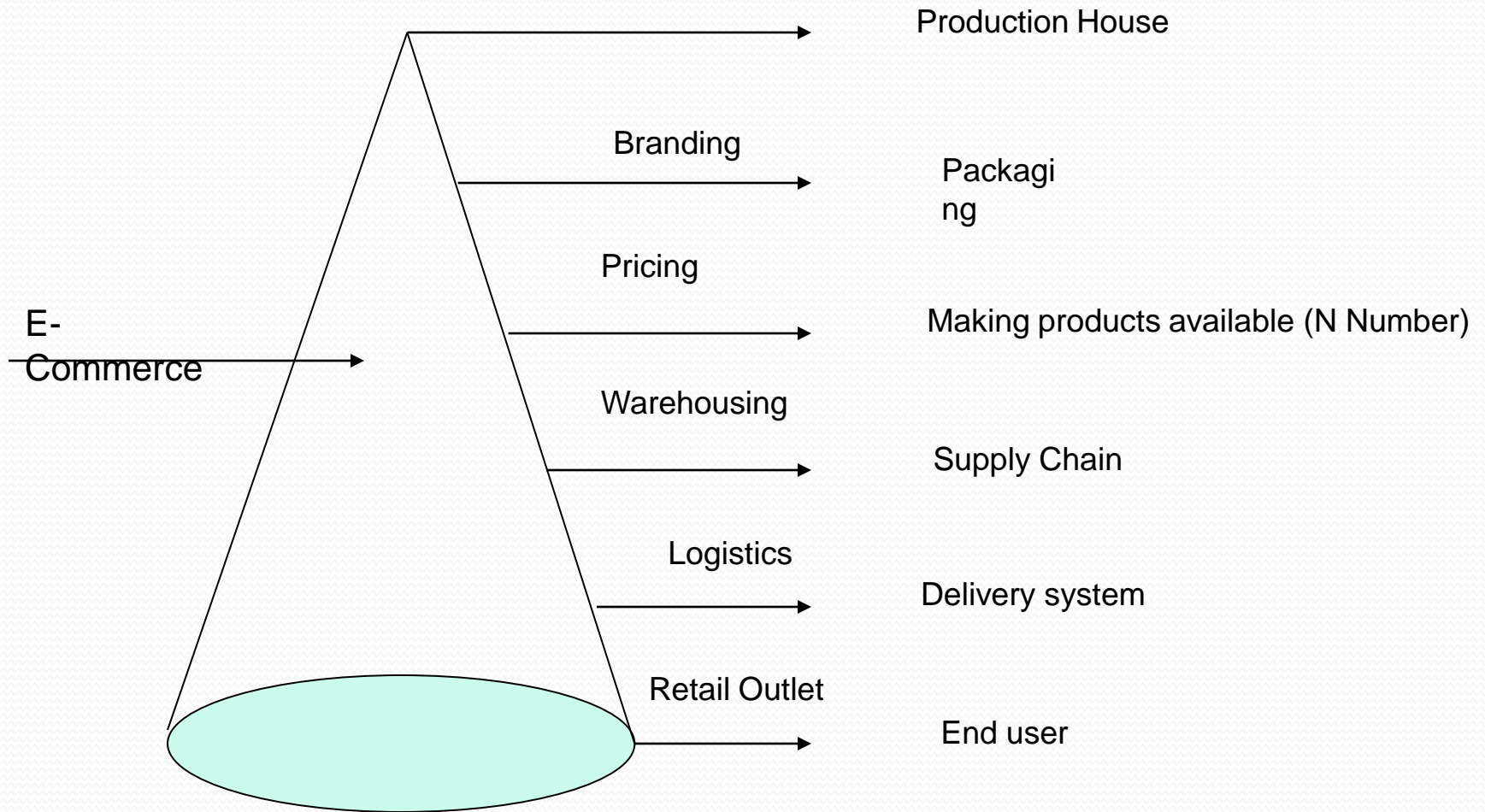
## Supply

- Through the demand analysis anticipate the volume of production and transfer this to the producers in advance
- Ensure the most effective logistics with time factor and warehousing needs

# Flow chart

- SHG formation, Production
- Self Marketing
- Product Improvement & Nurturing
- Central Procurement
- Inventory Updates
- Distribution through Direct To Home SHGs (DTH)
- Branding & Image Makeover
- B2C transactions
- B2B transactions
- Sales
- Cash collection
- Payment to SHG's/family enterprises/Micro Enterprises

# Time Line for SHGs/Micro Enterprises



# Buzz Words & Ingredients

- Panchayat Ward
- Gramasabha
- Kudumbashree
- PDS (Ration Shops)
- MGNREGS
- Aadhar
- Panchayat Secretary
- Akshaya Centers
- Mobiles & SMS
- WWW
- Policy Planners
- Subsidy
- Bank Linkages
- Youth Clubs
- Agricultural Officer
- Veterinary Doctor
- Micro Finance
- SME development



# Rural E-Commerce Applications



# Rural E-Commerce Application -1

## ◎ Storage Centers at all Fishing Harbors.

### **Today's Scenario**

- ◎ Fishermen has to sell their produce right away at landing place through auction.
- ◎ Auction prices are manipulated or fixed by private players
- ◎ Catch is forced to be sold of at available price or will lead to decay
- ◎ Based on the price information @ landing centers fishermen sometime dump their catch at sea itself.
- ◎ By doing so they save of the price of Ice as well as fuel cost so that the boats transport less weight.
- ◎ In a continuous loop of debt traps and always at the mercy of manipulated market conditions.

# Rural E-Commerce Application - 1

## Proposed Solution

- ⦿ Create a common storage facility at fish landing centers
- ⦿ Catch transferred straight to storage centre and registered.
- ⦿ Stock list augmented to reflect the storage
- ⦿ Web updated so that both businesses and consumers can buy at the fair value price which is market determined.
- ⦿ Money gets retained or fair value given to the fisher catcher/fish farmer.
- ⦿ Every days catch counts to the bottom line and not dependent on private forces to determine their destiny.
- ⦿ Web based delivery mechanism and other e-commerce needs etc can be augmented over time

## Rural E-Commerce Application- 2

### ◎ Village Rural Mart cum Procurement Collection & Storage Centers at all Panchayats

#### **Today's Scenario**

- ◎ Vegetables & Fruits go rotten or gets shared at source
- ◎ No regular mechanism to get fair price for the farmer
- ◎ If taken to the market the price would suffice only for transportation.
- ◎ No incentive to bring the natural produce available to the market.
- ◎ Leads to market being flooded from adulterated out of state produce.
- ◎ We get food but non secure, compromised food.....

## Rural E-Commerce Application- 2

### ◎ Village Rural Mart cum Procurement Collection & Storage Centers at all Panchayats

#### **Proposed Solution**

- ◎ Create Storage Facility in every Panchayat for perishable and non perishable Produce.
- ◎ Produce Procured from farmers, households, enterprises and stored @ these Village Rural Mart.
- ◎ Stock list augmented to reflect the storage
- ◎ Web updated so that both businesses and consumers can buy at the fair value price which is market determined.
- ◎ Money gets retained or fair value given to the farmer/SHGs or Micro Enterprises
- ◎ Leads to Village being self sufficient and surplus food/produce sold via e-commerce.
- ◎ We get food items secure and non-compromised

## Rural E-Commerce Application 3

# HELPS Proposal to Coconut Development Board (CDB)



## എന്തുകൊണ്ട് സി പി എസ് ?

- ✦ ഒറ്റപ്പെട്ട വിപണനം വിലപേശൽ കഴിവ് കുറയ്ക്കുന്നു.
- ✦ കുറഞ്ഞ അളവിലുള്ള ഉല്പന്നം വിപണനചെലവുകൾ കൂടുന്നു.
- ✦ ഇടനിലക്കാരും കമ്മീഷൻ ഏജന്റുമാരും ഉല്പന്നത്തിന്റെ വിലയുടെ ഏറിയ പങ്കും കൈപ്പറ്റുന്നു.
- ✦ സംഭരണത്തിനും സംസ്കരണത്തിനുമുള്ള അടിസ്ഥാന സൗകര്യമില്ലായ്മ.
- ✦ വിപണിയിലെ ആവശ്യകതയ്ക്കനുസൃതമായല്ല ഉൽപാദനം.
- ✦ സീസണിൽ വിപണിയിൽ ഉൽപ്പന്നത്തിന്റെ അധിക വരവ്.
- ✦ ഉൽപന്ന വൈവിധ്യ വൽക്കരണത്തിന്റെയും മൂല്യവർദ്ധനയുടെയും അഭാവം.
- ✦ ഉപോൽപ്പന്നങ്ങളായ ചിരട്ട, തൊട്ടി, ചകിരി, ചിരട്ട എന്നിവയ്ക്ക് വിപണി ഇല്ല.
- ✦ ഉപോൽപ്പന്നങ്ങളുടെ സംസ്കരണത്തിന് സൗകര്യക്കുറവ്.



നാളികേര ഉൽപാദക സംഘങ്ങൾ കേര കർഷകരുടെ ഭാവി സുരക്ഷക്ക്

# Chapter Formation & allied activities

- HELP Foundation has a good membership base in different villages/Panchayats as HELP Chapters in that particular area
- The Central Organization is named as HERDS (HELP's Entrepreneurship Based Rural Development Society).
- The central organization will act as the apex federation.
- Each local chapter is affiliated to the central organization.
- We do not prefer separate registration for each chapters because of reducing administrative expenses and to maintain uniformity as well as inter group activities.
- These members may belong to or part of Kudumbashree, Dairy Cooperative Societies or other primary cooperative societies, Joint Liability Groups, Agriculture Credit Societies, Rural Mart initiators etc.

# Our Clusters

HELP Foundation groups all our members in to specific specialization areas. All those belong to an area of operation will collectively known as Clusters

Following are the clusters presently we support:

- Duck & Poultry Cluster:
- Agriculture Cluster
- Food Cluster
- Goat rearing Cluster
- Consumer Cluster
- Retail Outlet Cluster
- Dairy Cluster (In process)
- Coconut Cluster (In process)



# Our proposal to work jointly with CDB

- HELP Foundation will form CPS as chapters under HERDS brand along with the technical officer@ agricultural offices.
- HELP will integrate 20-25 chapters or CPS to form HERDS CPS Federation over a period of 2 years.
- HERDS CPS Federation will be affiliated to the Coconut Development Board.
- HELP Foundation would also bring in expertise in developing financial muscle to the Chapters or Societies by inculcating regular saving habits.

# Chapter Formation ....contd.

- HELP will work towards setting up of established offices for the Chapters
- HELP will work with the CPS towards identifying and planning of Coconut based industries.
- HELP to liaise with CDB for technology transfer and grants for setting up of SME to be operated under the chapters.
- HELP to work with CDB to provide specialized trainings and conduct need based workshops for the CPS.
- HELP and CDB to work together to market the products with active assistance from CDB.

# Functional Architecture

**CDB Affiliation**



**Training Support from CDB**



HELP Incubation Cell



HELP  
CPS Federation



HELP Social  
Entrepreneurship  
Cell



HELP CHAPTERS  
as CPS

HELP CHAPTERS  
as CPS

HELP CHAPTERS  
as CPS

HELP CHAPTERS  
as CPS

HELP CHAPTERS  
as CPS

# Rural E-Commerce

- ⦿ As of today in whose interest is rural e-commerce or rather is it feasible.
- ⦿ More technology is never a neutral phenomena though it always claims to be.
- ⦿ Its just businesses and corporate's and not the farmer or the fishermen.
- ⦿ Incomplete understanding of ICT for Rural- development & Food Security.
- ⦿ Beyond Physical Access Information needs to be timely.
- ⦿ Information need to be easily absorbed by a broad range of users accessible in the local language.
- ⦿ Wrt content and application they are of limited value to rural development & food security.

# What's is the need of the hour

- ⦿ Instead lets extort policy planners to try and create the right framework policy to enable rural e-commerce for the benefit of both farmers, customers & businesses.
- ⦿ Provide local Level of Support to generate and maintain ownership of content and applications.
- ⦿ Local specific generic applications, information and content should be developed
- Programs to be implemented to enable feedback and widen participation in development of information resources.
- Calls for piloting, monitoring, evaluating & documenting of successful & unsuccessful applications & models for rural development.
- Need to recognize Social and Technical Dimensions for rural infrastructure development.



# Rural E-Commerce Applications & Food Security

# Rural E-Commerce Application & Food Security

- ① Development is not about production and consumption.
- ① ICT and Rural Development could include providing crop, weather or market information, information regarding the availability of local production support services, extension of education services; on-line production counseling and mutual support network and so on.
- ① In the long run ICTs (rural e-commerce) could provide a means to bypass the local marketing systems as for example in identifying more distant markets, negotiating contracts and supply information and so on.



# Proposed Rural e-Commerce Functional Architecture leading towards Food Security

Consumers and Businesses can directly access the farmers/producers so as to enable both B2C & B2B

**Akshaya Center Sites to update the produce Inventory**

Panchayat Assisted Collection Centers cum R-Marts run by Panchayat itself/NGOs/Second Generation PDS shops

Family Enterprises

Kudumbashree Groups

Janashree Groups

Other Woman SHGs,

NGO assisted Farming Groups



# Policy Posers for Government Planners

## Some Policy Posers

- How about stopping seed, manure subsidy, abandon MSP & instead start procuring the produce @ market price or above market price directly through these collection centers.
- How about providing more price incentives for Organic produce at these Panchayat based collection centers.
- How about as part of Rural Development, assist or nudge Kudumbashree groups/SHGs from being money lending groups to produce/production oriented groups .
- Support for Cold Chain, Value Addition and Preservation Infrastructure to be part of Rural Development@Panchayat
- Policy Planners to weigh in the possibilities of Aadhar and its potential in enabling money transfers .....as VISA, Master Card etc are bubbles in a rural setup.
- Mobile based Cash transfers would be possible but MGNERGA is prime example how money can be transferred directly to the farmer/worker.

# Implementation Level Policy Initiatives

## Real Time Thoughts & Suggestions

- Need to move away from tailor made Policies and Budgets for Corporate India and instead should be focused on rural India.
- If Corporate's are the only pursers of rural e-commerce we will loose our water, agricultural land and all natural resources.
- Instead if Panchayats are part of food security led rural e-commerce we will be able to preserve our villages, our indigenous technology and our next generation.
- By doing so e-commerce will lead to reviving our village economies and contribute towards overall security of the nation.
- Gramasabha should serve as the principle decision making body of each ward so as to list, produce, collect, source, preserve and transact with the outside world.
- Empowerment of Elected Ward representatives by the academic and student community, need to get out to the ground so as to bring in a total approach.
- Pilot programs with villages and wards can be done by final year students as part of their projects to take these concepts from theory to practice with support from NGOs and elected Panchayat representatives.

# Role of Government Art College

- What do you do after the seminar.....?
- Or Rather how to you intend to contribute to the cause.....?

# Realities

Some Realities ..harsh they may be....could act as enablers to food security and thereby rural e-commerce

- Food Parks
- Indigenous Seeds
- Farming this summer.
- Temperature
- Pollination
- Get to the Field
- Social Inclination

End

Q&A