

## Beyond Agricultural Growth: An Agro-climatic Approach to Agricultural Development in India

Arindam Banik\*

### Introduction

Literature on agricultural development, growth and productivity at the regional level in India are often guided by political units. The studies predict that respective governments' specific initiatives are the major driving force to evaluate 'achievement'. This resulted in substantial exploitation of natural resources without looking at alternative perspectives. Hence, major associated problems such as linear flow of natural resources (depletion or degradation) and issues related to equity, in terms of inter-regional developmental disparities and inter-generational injustice, have recently received attention and recognition by Indian policy-makers and planners. It is in this context, the Planning Commission of India, framed an agro-climatic approach that assesses the potential and problems across regions (Sehgal et al. 1990)<sup>1</sup>. Therefore, it is useful to discuss the agro-climatic approach that covers (i) agro-climatic information system and its application in agricultural development; (ii) characterisation of agro-climatic zones; and (iii) agricultural regional planning based on agro-climatic conditions in India. In addition, an emphasis has been given on understanding of broader environment that deals with only farming systems research. Evidently, this forms an integral part of a long-term regional development plan and covers the agricultural technology management system across defined agro-climatic zones.

### Farming in Ancient India

The excavation and dating of some of the earliest agricultural settlements provide important cues about the beginning of agriculture. The Harappan culture (2300 and 1750 B.C.) has been extensively studied and since there is extensive evidence of an advanced agriculture and a sophisticated textile craft, the civilization evidently does not represent the commencement of Indian agriculture. At Kalibangan in Rajasthan, a pre-Harappan ploughed field showed the same pattern as that practised in present day mixed cropping in the *rabi* (winter) season. Thus, the earliest agriculture so far excavated in India was one in which modern cultivation practices had already been established (Hutchinson, 1974)<sup>2</sup>.

Enough evidence exists to date the evolutionary process in Indian crops pointing to the range of crops of the Harappans, and the appearance of new crops later in the archaeological record. The crops were chiefly of West Asian origin and included wheat, barley and peas. Of indigenous Indian origin were rice, tree cotton and probably sesame. Rice first appeared in Gujarat and Bihar, not in the centre of the Harappan culture in the Indus Valley. There is some ambiguous evidence of African crops being cultivated by the Harappans. There is a record of *Sorghum* (*jowar*) from Sind and *Pennisetum* (*bajra*) from Gujarat. Sesame recorded from Punjab is of uncertain origin, having been attributed by some to Africa and by some to India. The earliest record of the African cereal, *Eleusine coracana* (*ragi*) is from Mysore, about 1800 B.C. Sugarcane and banana, the South-East Asian crops of much importance to India, are not of the type likely to leave distinguishable remains in the archaeological record. Nothing is known about those before historic times but both appear in the early literary record. Crops of American origin include maize, grain amaranths and potato. The period of introduction of maize is uncertain, while the features and distribution of some forms lend support to the view that they reached India in pre-Columbian times, whereas the potato was certainly a late introduction by either the Portuguese or the British.

It may be stressed here that crops of the Indian subcontinent have influenced the agricultural development of ancient Egyptian, Assyrian, Sumerian and the Hittite Civilization (Nile / Tigris / Euphrates river basins) through their early spread to these regions of the Old World (Arora, 1991)<sup>3</sup>. Also, several Indian crops or plants were taken to South-East Asian countries by the Buddhists during the early Christian era. Much early exchange of plant material was also there with Africa, while many crops, viz. citrus, cotton, jute, rice and sugarcane were distributed especially to the Mediterranean region by the Arabs during 8 - 10th centuries A. D. Similarly, several New World domesticates were introduced to India and reciprocally Indian cultigens were subsequently introduced into the New World

\*Director, International Management Institute (IMI) Kolkata

<sup>1</sup>Sehgal, J.C., D.K. Mondal, C. Mondal and S. Vadi. 1990. *Agro-ecological Regions of India*. NBSS Tech. Bull. No. 24. NBSS & UP, Nagpur. 73 p. <sup>2</sup>Hutchinson, J. (Ed.). 1974. *Evolutionary Studies in World Crops. Diversity and Crop Changes in the Indian Subcontinent*. Cambridge University Press. 171 p. <sup>3</sup>Arora, R. K. 1991. *Plant Diversity in the Indian Gene Centre, Plant Genetic Resources, Conservation and Management: Concepts & Approaches*, IBPGR, Regional Office for South and South East Asia, New Delhi, pp.25-44.



(Mehra and Arora, 1982)<sup>4</sup>. Moreover, prevalence of great ethnic diversity and primitive agriculture (Arora, 1987)<sup>5</sup> also point out to the rich heritage of the Indian subcontinent.

### Characteristics of Agro-climatic Regions in India

It is useful to discuss the basic features of Indian regions according to their agro-climatic conditions. Based on the literature and features, steps for further improvement are discussed for some prominent regions of the country. Region 1 is Western Himalayan region where focus is on intensification of soil and water conservation programme with an integrated approach to forestry, horticulture, commercial crops etc. Land-use planning is based on the topographical concept that land with a slope up to 30% is suitable for agriculture on terraces, with 30-35% for horticulture etc., and above 50% for forestry. There should be high and low value crops for each sub-zone. Efficient market services, including diversified utilization of fruits and vegetables are the needs of the region. Region 2 is Eastern Himalayan region where adoption of soil and water conservation measures is necessary for each watershed to avoid massive soil erosion and floods. Prevention of shifting cultivation by suitable cropping systems and supplying complete package of inputs coupled with effective marketing and processing are required. Region 3 covers the Gangetic plains. Focus in the Lower and Middle Gangetic Plains is on increasing crops productivity (rice productivity in particular in the Lower Plains) along with supply of seeds of new varieties and transfer of technology together with institutional support and input delivery systems. Establishing poultry, dairy and inland riverine fishery production is recommended by the Planning Commission.

In the Upper Gangetic plains, emphasis is on reclamation of problem soils, expansion of area under fruits and vegetables with special programmes for production of the same while improvement in water management, crop diversification, development of abiotic stress tolerant varieties of rice and wheat are focus areas in the Trans Gangetic Plains. In Region 4 or the Plateau and Hills Region of India, major thrust is on input delivery and improvement on communication infrastructure, water harvesting and recycling, soil and water salinity management. Development of horticulture, dairy and poultry farming should be encouraged. The Eastern and Western Coastal plains and the Ghats region (Region 5) should lay emphasis on water, soil management along with crop management in flood prone areas. Region 6 covers the Western Dry region that requires rainwater harvesting and effective soil management to increase the yield of crops. Finally, Region 7 is the Islands region which calls for integrated farming system and development of fisheries and fish technology. Here is a summary of the findings on Indian agricultural regions (Table). It describes India categorised into different regions

based on Phyto-geographical and agro-ecological regions apart from the agro-climatic zones.

**Table: Categorisation of Agricultural Regions of India (Arora, 1991)**

Phyto-geographical regions (Chatterjee, 1939) <sup>6</sup>	Agro-climatic regions - Planning Commission (Schgal et al., 1990)	Agro-ecological regions (Murthy and Pandey, 1978) <sup>7</sup>	Agro-ecological regions (Sehgal et al., 1990)	Major plant/crop diversity regions (Arora, 1991)
Western Himalayas	Western Himalayan region	Humid Western Himalayan region	Western Himalayas - cold arid region and Western humid region	Western Himalayas
Eastern Himalayas	Eastern Himalayan region	Humid Eastern Himalayan region	Eastern Himalayas - humid region	Eastern Himalayas
Central Himalayas	Part of above	-	-	-
Assam	Part of above	Humid Bengal-Assam basin	Assam and Bengal, North-eastern hills	North-eastern region
Gangetic Plain	Lower, Middle, Upper & Trans - Gangetic plains	Sub-humid Sutlej-Ganga alluvial plains	Northern plains, Central highlands	Gangetic plains (and northern part of central region)
Indus Plains	Gujarat plains and hill region	Western Arid plains	Western plains and Kutch peninsula, Kathiawar peninsula	Indus plains, western Arid plains
Deccan	Eastern plateau and hill region, Central plateau and hill region	Sub-humid Eastern/Southern uplands and Central highlands	Deccan plateau and Eastern Ghats, Chotanagpur plateau, East coast region	Eastern peninsular region and the Eastern Ghats (including southern part of central region)
Malabar	Western plateau and hill region, Southern plateau and hill region, West coast plains and Ghats region	Semi-arid lava plateau, Humid to semi-arid Western Ghats and Karnataka plateau	Western Ghats and coastal region	Western peninsular region and the Western Ghats
-	The islands region	Bay islands	Islands of Andaman & Nicobar; Lakshadweep	The islands regions-Andaman & Nicobar, Lakshadweep

Historically, the political considerations in agricultural decisions have led to inefficiency and overuse of resources in India, e.g. two adjacent regions with same productivity of land have produced different yields since one of these was forced to use more fertilizer leading to loss in productivity due to overuse in the long run.

Moreover, the basic characteristics of Indian agricultural regions are ignored so far and the issue of agricultural productivity has been neglected. To make the system more viable, there should be proper farming system approach according to the agro-climatic conditions identified by the researchers. The recommendations made so far are yet to be implemented effectively.

*The author can be reached at arindambanik@imi-k.edu.in*

<sup>4</sup>Mehra, K. L. and R. K. Arora. 1982. *Plant Genetic Resources of India: Their Diversity and Conservation*. NBPGRI Sci. Monogr. No. 4. 60 p. | <sup>5</sup>Arora, R. K. 1987. *Ethnobotany and Its Role in Domestication and Conservation of Native Plant Genetic Resources*, pp. 94-102. *Manual of Ethnobotany* (Ed., S. K. Jain). Scientific Publications, Jodhpur. | <sup>6</sup>Chatterjee, D. 1939. *Studies on the Endemic Flora of India and Burma*. J. Royal Asiatic Soc. Bengal N.S. (Science). 5: 19-67 | <sup>7</sup>Murthy, S. R. and S. Pandey, 1978. *Delineation of Agro-ecological Regions of India*, 11th Congress, International Society of Soil Science, Edmonton, Canada, 17-27 June 1978.





## Sports Marketing: The Game is On

Rituparna Basu\*

In a country, where cricket is almost a religion and football scores as a distant second in terms of its popularity; the ISL is perhaps India's first glamorous answer to the status of football as a sport in India. High profile promoters coming up with their ambitious investment plans around major sports and sporting events other than those of cricket is no whim or fad. Growing popularity of many international sporting events including those of the Olympics, English Premier League, Formula 1 races among Indian masses or even the passion around reincarnated indigenous sports like kabaddi is driving optimism around the potential of the sector. What may seem to be an extravagant arrangement to bring home international sporting events like the Grand Prix or repositioning indigenous sports like kabaddi all over again is mostly based on sound business logic to make the most of the growing potential of the sports sector, which is now at an estimated global market size of \$620 billion.

### What is Sports Marketing?

The sports industry on the whole comprises of a wide range of activities from sports tourism, sporting goods manufacturing and retailing to sports sponsorship, franchising and marketing. Sports marketing on one side focuses on the promotion of sports events or teams and on the other side thrive by commodifying sports with the sale of related goods and services. The market for pennants, hats, T-shirts, and other items affiliated with a sports league forms an integral part of this sector.

Marketing sports or even marketing through sports actually started with the growing popularity of sports broadcast on television since 1936 when the Berlin Summer Olympics was covered for the first time. Since then, sports have been widely used by marketers of products and services to influence their consumers by leveraging on the attractiveness and credibility associated with the sport through careful use of related advertising and celebrity endorsements.

Globalization of sports supported by the consumer's widespread access to entertainment and media has been further influencing the growth and development of an organized sports sector across the world. Especially, the rapid expansion of different types of sports over the last two decades has given a whole new dimension to the concept of 'Marketing through Sports'.

### The Role of Sports Consumers

Primarily the support of the sports fan underpins the dynamics of marketing in the sports industry. The market segment of the committed sports fan has been the most established and perhaps, the most taken-for-granted revenue source for professional sports leagues. This group not only buys season tickets, attends games, pays for parking and concessions, typically follows its favourite player or team with unabashed loyalty but also watches games on television or internet, purchases league apparel, and hence supports a multi-billion dollar market for licensed products.

The sports consumer's positive attitude toward a sport often manifests itself through increased product consumption of sports related products. Braunstein and Zhang (2005) reported that Australians aged between 17 and 24 were estimated to spend around AUS\$836 a week, with around \$300 a week allocated to products with sports celebrity endorsements. The predicting role of fan identification on consumption intention in the sports sector is an established phenomenon. Fan types such as general fans, satellite fans are used to determine their level of involvement with the sport and response to marketing. For instance, cases of limited appeal of foreign professional leagues in the local context have been explained by the satellite fan syndrome.

Young adults especially those in colleges and universities are major sport consumers (Bennett, Henson and Zhang, 2003). They

view sports as an option for entertainment. Female consumers, who are often under-estimated have become a key niche within the sport marketplace and have grown in strength as sports related decision makers and spenders (Bush, Bush, Clarke and Bush, 2005). The reasons being, rising popularity of women's sport, a gradual shift toward cultural acceptance of females in sport settings, enhanced media interest in women's sport, increased decision making with rising purchasing power of women, and enhanced public knowledge of the long-term health benefits for woman participating in sports. Apparently, the motivation and the related behavioural intention of the sports followers play an important role to stimulate consumption intention towards products/ brands associated with the sport.

### The Sports Market in India

Popularity of western professional sports like European football in

*Continued to Page 5*

Sports marketing on one side focuses on the promotion of sports events or teams and on the other side thrive by commodifying sports with the sale of related goods and services. The support of the sports fan underpins the dynamics of marketing in the sports industry.

\*Assistant Professor, International Management Institute (IMI) Kolkata. The article is a reconstructed extract of a published paper by the author.





## Confessions of an Ageing Marketer: Exploring Consumer Ageing in Emerging Economies

James W Gentry\*

For the first time in recorded history, there are more people over 60 years old on the planet than there are children under 15. The world has never been so OLD, and it is getting older rapidly. In the last six decades, the percentage of people in the world over 60 increased from 8% to 10%. In the next two decades, it will increase to 22%, seeing an increase from 800 million people over 60 to 2 billion. So what's happening? Basically the changing demographic pattern is due to two trends: longer life expectancies and lower fertility rates. Life expectancy at the start of the 20<sup>th</sup> Century was approximately 30 years of age; now it is over 80 in some countries and over 64 for Indian men and over 68 for Indian women in India. At the same time, family sizes globally are dropping. The result is the graying of the world.

In a 2013 listing of major countries in the world in terms of the percentage of the population over 65, India was at the bottom with 5% whereas Japan was the highest at 25%. India is relatively older than most of sub-Saharan Africa but, on the surface, it would appear that the country should avoid the ageing issues faced by a major part of the world. However, the percentage of Indians over 60 years of age is expected to increase from 8% to 19% in 2050, with the projected number of people over 60 to be 323 million. That figure, by the way, is approximately the current population of the third most populous country in the world, the US. The percentage of the Indian population over 80 is expected to increase by a multiple of 7. So, while India will be relatively young compared to most of the world, it will have huge number of seniors.

How will all of these elderly be handled? Currently over 80% of Indian elderly live in multigenerational households with their children, compared to the global average of about 60%. Will that continue? Not likely, if India resembles the rest of the world in terms of family relations. Between the early 1990s and the mid-2000s, the percentage of Indian elderly living with a spouse or alone doubled. It appears that the rural to urbanization trend elsewhere in the developing world and the almost universal trend of changing social and family obligations will be factors in creating "lonelier" lifestyles for Indian seniors in future generations. Is such a breakdown of filial piety norms possible? Yes, if one looks at China, which also has long traditions of strong family ties. For example, the Confucian dictum (While your parents are alive, you should not travel far afield) has carried great weight for centuries. But children are leaving the homestead for jobs in urban environs. For example, two summers ago a Chinese mother took her daughter to court for failing to provide financial support and for failing to visit on national holidays. She won the case, and soon thereafter (July 1, 2013) a law was introduced

requiring children to visit or keep in touch with elderly parents. Legally enforced responsibility for the elderly is not limited to China. Laws in 20 states in the United States require family members, for the most part adult children, to support their financially needy relatives. With the establishment of the social security program in the US, most of the laws have not been actively enforced; however, recent lawsuits in Pennsylvania and South Dakota have been won by needy parents suing their adult children.

If the global social trend toward the loss of filial piety continues, how will elderly finances be sufficient to provide a reasonable quality of life for them? A recent study of six East and Southeast Asian countries found that only Chinese respondents believed that the government should be the primary provider for retirement years, with most respondents saying that one should be responsible for taking care of oneself. Given that the majority of Indians live in rural areas and the rampant poverty in those areas, how can rural Indians be expected to put money away for retirement when they are barely able to subsist? The sentence may be a non-sequitur, as elderly farmers do not 'retire' often, but rather lead the global trend toward 'working until you drop.' But with the longer life span ahead of all of us, farmers will be facing physical conditions that prevent them from being productive at any level. India, like almost all other countries, does not have the medical or welfare services to handle the huge number of elderly that it will have in three decades. But, luckily, India's relative youthfulness provides it some time to plan and to observe what policies are working in countries that are older, and to note which policies are likely to fail. In Japan, for example, department stores have increased font sizes in their signage, hired older sales clerks, lowered shelves for easier access, provided seating in stores for those not actively shopping but accompanying someone who is, and assured that the offerings in the food courts have many traditional, non-exotic options.

It appears that the Indian government has started planning for the agequake to come. For example, in February 2015 the Indian government proposed a universal social security plan. Presently only 35 million out of a labour force of 400 million have access to formal social security in the form of old age protection. Social security plans seem to be flawed globally, so there are not many worth trying to copy. For example, Brazil's retirement policy is absolutely the most generous in the world. About 10% of the population aged 45 years is already receiving some sort of benefit. While a relatively young country, workers may have to pay as much as 80% of their salary in taxes in three decades to fund entitlements unless policy changes are

\* Maurice J. and Alice Hollman Professor of Marketing, University of Nebraska, Lincoln





# CONSUMER AGEING

made. China started a government pension program in 2000. The average monthly pension payout in urban areas is 1500 yuan (\$110), while rural pensions can be as low as 55 yuan. The program is grossly underfunded, as the expected shortfall for 2013 was 18.3 trillion yuan (or about 150% of GDP). Clearly a universal government pension program in India is needed, but it needs to be developed systematically over time.

Even if sufficient financial support is made available for the elderly to survive with some quality of life, another issue is the likelihood of solitude faced by seniors. As more youth receive education, there will be an increasing search for employment, leading to even more urbanization. Given rising property costs and limited space in urban areas, bringing ageing parents to cities probably will not be feasible. Retirement/nursing homes are a growth industry globally and will no doubt be needed in India at some point in the future. As a professor, I have had international students questioning me for decades as to why we put our elderly in homes. As the world has aged, those questions have become less common.

In China, for example, nursing homes are in their infancy. China has about 38,000 institutions, with 2.7 million beds for the elderly. This covers about 1.6% of the population over 60; the developed world has beds for about 8% for those over 60. About 20% of Chinese rest homes are non-government owned, with some sponsored by Christian donors who require residents to convert (or at least be open to converting). The government has not changed greatly its orientation toward religious groups, but it is also aware of the growing needs of its society and its inability to meet them.

More developed (and older) countries are facing challenges in taking care of their seniors as well. It has been projected that Germany's elderly population will need twice the current level of nursing home personnel by 2050 and an additional 800,000 beds. Given the cost of rest home care, elderly are beginning to be exported to nursing homes outside Germany that are far less expensive. Over 7000 Germans live in retirement homes in Hungary, 3000 in the Czech Republic, and 600 in Slovakia. There are no figures for Greece, Spain, Ukraine, Thailand, and the Philippines which are reputed to be the main destinations. Japan, on the other hand, is facing a population drop of 30% by 2060, when almost 40% of its people will be 65 or older. It is expected that there will be just less than six million people over 75 living in Tokyo, and there is a movement on the part of government to migrate many elderly to rest homes (to be built) in villages facing extinction due to population decrease. Whether they will be able to get the old people to move is one of the major issues being faced.

The *agequake* occurring in the world will not be a critical concern for India in the short run. But it is likely to be so in India this century, and some long run planning now is needed. Luckily for India, it will have the advantage of watching much of the rest of the world face ageing issues and it will have time to decide which policies observed would seem to be most appropriate for the country. But awareness of ageing issues now is critical so that India will be able to assure its seniors a decent quality of life.

*The author can be reached at [jgentry@unl.edu](mailto:jgentry@unl.edu)*



# SPORTS MARKETING

*Continued from Page 3*

non-western territories in Asia, particularly in India, is no longer a utopian dream for western firms who are looking at sports as an avenue to spread their wings into uncharted markets. Among the BRIC nations, China and India are noted as the most active in the sports market as indicated by the industry's impressive growth in terms of the household spending figures. In fact the burgeoning middle class in the country with their evolving lifestyle and culture is openly adapting to newer sports and sporting events making way for a whole new avenue for marketers of goods and services to make the most of it.

Although financials are confidential, the central pool of the ISL is expected to be in the \$10-15 million per year range. Though merchandising in India has not yet given a viable economic benefit

across leagues, perhaps as loyalty bases grow, this will change. Aggressive marketing of the sporting events, both for the international as well as indigenous ones across media networks is fuelling the growth of the sports market in India.

## Reference

- Bennett, G., Henson, R. K., & Zhang, J. (2003). Generation Y's perceptions of the action sports industry segment. *Journal of Sport Management*, 17(2), 95-115.
- Braunstein, J. R., & Zhang, J. J. (2005). Dimensions of athletic star power associated with Generation Y sports consumption. *International Journal of Sports Marketing & Sponsorship*, 6(4), 242.
- Bush, V. D., Bush, A. J., Clark, P., & Bush, R. P. (2005). Girl power and word-of-mouth behavior in the flourishing sports market. *Journal of Consumer Marketing*, 22(5), 257-264.

*The author can be reached at [r.basu@imi-k.edu.in](mailto:r.basu@imi-k.edu.in)*





# How Far Can the E-Commerce Firms Fly?

Chitralkha Sengupta\*

## Introduction

The growth trajectory of the e-commerce firms have been on a high rise in India. With the growth of digital technology, a new face of India has come into existence. More and more people have become tech savvy and have been enjoying their joyride on the digitally mounted vehicles. Moreover, people are increasingly becoming technology dependent. Greater usage of Wi-Fi networks have changed the way people communicate and interact with each other. As a result, this has changed the way as to how marketers market their products and services. In a way this has given the e-commerce firms wings to fly higher and higher. The onset of the new government at the Centre has also changed the rules of the game. One of the manifestos of the new government is to digitise India by 2020. This has further led to a spur in the e-commerce industry especially e-tailing.

The Indian e-commerce industry is growing at an approx CAGR of 40-45% and it is projected that the industry will attain a valuation of \$50-\$70 million by 2020<sup>1</sup>. Several factors that have contributed to the success of e-commerce firms include greater internet penetration, high purchase of smartphones and tablets, increase in the purchasing power of consumers, multiple payment options and the need for ease of shopping and convenience.

The emergence of e-commerce has changed the dynamics of Indian retail industry. It has given a new dimension to the convenient and cheaper methods of buying and selling. Moreover, it has given the smart consumers a wider choice of products and a better value for their money. A transformation in the consumer buying behaviour is very much prominent which is likely to provide more opportunities to the e-commerce firms. Previously, consumers used to search for product information on internet and then buy it from the shop but now they visit shops to do the initial research and later buy it online at heavy discounts. In addition it has opened up new opportunities for small scale entrepreneurs to showcase their products in the global markets and get wider acceptability. Moreover, the entry of international players like Amazon has further accelerated the success of e-commerce firms. Not only has it given the consumers a varied range of choices for shopping at any odd hour of the day but it has also increased the credibility of the transactions through user-friendly apps which can be accessed through multiple devices.

No doubt the e-commerce market in India has been growing at a steady rate on account of the increasing online demand. Presently, the online players are trying to attract more and more buyers and trying to delight them by offering heavy discounts. On 6<sup>th</sup> October, 2014, Flipkart's "Big Billion Day" sale had offered massive discounts on

various products which saw 1.5 million people shopping at its portal<sup>2</sup>. Similar incentives were being provided by Snapdeal's "Diwali Bumper Sale Campaign", Google's Online Shopping Festival (GOSF) and others to name a few. In addition, the Flipkart-Myntra deal has also given a boost to the e-commerce scenario in India<sup>3</sup>.

## A Bright Future

There is no doubt that e-commerce is an integral part of our economy and is projected to expand further in the coming years. Moreover, the future of India seems to be really bright with a young democratic profile in the offing and thus with the rise in the disposable income and the growth of upper middle class, these youngsters will always be in a mood to experiment and will not hesitate to loosen their wallet strings a bit further. In addition, with further digitization, more and more brands are bound to move online. This is already evident from the fact that many physical stores have started to prefer moving online as well. Not only are they setting up their own online portals but they are also partnering with various online retailers in order to enable fast delivery of products to customers. A case in point is Raymonds which has not only launched RaymondNext.com but has also partnered with e-tailers like Flipkart, Myntra and Jabong. Also Coca-Cola launched its new diet drink Coke Zero online in partnership with Amazon India. US fast-food giant Burger King has also joined the bandwagon by tying up with e-bay India to pre-launch its popular 5-inch Whopper burgers online for ₹128. Thus the way forward is the convergence between online and offline and therefore more and more firms will opt for omni-channel retail strategies in order to provide their customers an everlasting experience of both the physical and digital worlds. Even the food and grocery segment is also not lagging behind and have been taking full advantage of the online boom. In the online space, LocalBanya.com, BigBasket.com as well as Reliance Fresh have added a new zing to the e-commerce sector.

## A Bumpy Road Ahead

However the joyride on which the e-commerce firms have been mounted is full of challenges and there is a tough road ahead. There are certain crucial aspects which the e-commerce firms must take into account in order to maintain a steady growth trajectory. First, it has to be noted that the e-commerce competition is intensifying day by day. The tug of war between multinational and Indian e-commerce firms have driven them to differentiate in order to attract, retain and build a loyal customer base. Thus each and every firm is trying to build its own niche in the marketplace by offering an unique shopping experience to the customers. In the long run, firms will have to struggle really hard with their lucrative offers in order to lure

\*Lecturer, Department of Business Administration, Shri Shikshayatan College, Kolkata

<sup>1</sup> Chowdhury Mohammad (February 12, 2015) available at [forbesindia.com/blog/no-wires-attached/mobile-must-play-a-key-role-in-enabling-digital-india/](http://forbesindia.com/blog/no-wires-attached/mobile-must-play-a-key-role-in-enabling-digital-india/) <sup>2</sup> Bajaj, K. 'Flipkart's Big Billion Day's Sale Over', *Economic Times*, October 6, 2014. <sup>3</sup> 'eWars', *Business India*, August 4-17, 2014, pp. 36-43.



customers since price will be a major dominating factor in Indian markets. In such markets, customer loyalty will also be transient in nature since the customers will be more price centric. Second, the success of e-commerce firms depends a lot on sound logistics system. In order to expand further, e-commerce firms must work out a seriously thought-out strategy. For instance, many existing e-commerce firms such as Flipkart, Amazon and Snapdeal are emphasising more on their in-house logistics in addition to their partnerships with third-party logistics firms. In addition, international e-commerce firms such as Amazon are experimenting with new formats such as tying up with Bharat Petroleum's retail store "In and Out" to cater to a wider audience. E-commerce firms must also pay equal attention to reverse logistics in order to avoid losses. Third, e-commerce firms must emphasise more on secured payment gateways. Payment via credit and debit cards has been nominal till date. The Cash on Delivery has been the biggest game changer in the e-commerce sector with a majority of sales happening through this mode of payment<sup>4</sup>. However, this needs more clarity and needs to be well-defined. Fourth, a good website is a major arm of an e-commerce firm. A user-friendly website goes a long way in attracting and generating interest among customers otherwise they will shift from one particular site to another. Last, the model which the e-commerce firms adopt is also very important.

Recently, there is a transition from the inventory based model to market place models<sup>5</sup>. Although market place model offers several

advantages such as increased profit margins, better reach to smaller towns and cities, more variety and choices of products that can be offered to customers, but there are restrictions too. It must be noted that marketplace model in India is driven by FDI regulations in multi-brand retailing which can pose tough challenges for e-commerce firms.

## Conclusion

The coming years will see more proliferation of brands and new customer segments (comprising young, internet savvy customers) in the forefront and more penetration of e-commerce firms in Tier II, Tier III and Tier IV cities. With the increase in the mobile internet users, more and more customers will prefer to place their orders via mobile using mobile apps. A shift in consumer perception towards online shopping will undergo a change in the positive direction which will give a major fillip to the e-commerce firms. The e-commerce firms will have to exploit the customer touchpoints to their advantage and will have to stress more on innovative retention strategies and in their ways to engage with the digital customers as well as delighting them with a seamless shopping experience. Moreover, a hybrid model with a healthy balance between e-tail and retail is bound to exist to provide a holistic experience to the consumers. Thus a transition towards 'Click and Mortar' model is very much likely to provide the consumers with the physical feel of products along with the easy accessibility of products online.

*The author can be reached at [chitralekbasengupta@gmail.com](mailto:chitralekbasengupta@gmail.com)*



## IMI EVENTS

### MDP on Effective Vigilance

IMI Kolkata, jointly with Vigilance Study Circle Kolkata conducted a three day workshop on "Effective Vigilance" from July 30 to August 1, 2015. The workshop was attended by senior executives from various Navaratna and Miniratna PSUs across the country. The workshop was inaugurated by Shri Kailash Dhar Diwan, CMD of Hindustan Coppers Limited. Dignitaries like Shri Manoj Kumar (IAS) CVO, Coal India, Shri. Hargovind Sachdeva, CMD, UCO Bank graced the event. Dr. Arindam Banik, Director, IMI Kolkata, delivered the welcome address to all the participants.



During the three day workshop, lectures were delivered by professionals like Shri Nagendra Prasad, SP, CBI Anti-Corruption Branch, Shri V. Ramachandran, Advisor of Coal India Ltd. & former CTE of CVC, Shri Sukamal Basu, Former CMD, Bank of Maharashtra and other senior and experienced guest faculties from the field. The workshop received an incredible response both in respect of quality and effective delivery of the programme.

**Programme Directors:** Dr. Sarojakshya Chatterjee & Dr. Nandita Mishra

<sup>4</sup>Sen S., 'Moth to a Flame', *Business Today*, February 16, 2014, pp. 56-66. | <sup>5</sup>Sen S., 'Ready for the Next Move', *Business Today*, February 16, 2014, pp. 68-74.





## IMI Kolkata Organizes a Session in APEA Conference at Taiwan

International Management Institute Kolkata has organized a session on **Development Studies and Public Policies in Emerging Economies** at the 11th Annual Conference of Asia-Pacific Economic Association held at National Taiwan University, Taipei during July 8-10, 2015. Prof. Arindam Banik, Director, IMI Kolkata has chaired the session. Dr. Tirthankar Nag, Dean (Academics), IMI Kolkata presented a paper on 'Corporate Social Responsibility Reporting in India: Exploring Linkages with Firm Performance and Development'. Dr. Paramita Mukherjee, Dean (Research), IMI Kolkata presented a paper titled 'On Efficiency of VAT in India'. Thanet Wattanakul from Thailand presented a paper entitled 'Analysis of the Level of Intra-Industry Trade for ASEAN's Economy'.

Prof. Arindam Banik was also part of the panelists in the Plenary

Session on the Asian Infrastructure Investment Bank. The other panelists included Prof. Kar-yiu Wong from Washington University, US, Prof. Joshua Aizenman from University of Southern California,



US, Prof. Arye L. Hillman from Bar-Ilan University, Israel, Prof. Tatsuo Hatta from Asian Growth Research Institute, Japan, Prof. Chen-Min Hsu from National Taiwan University and Prof. Kui-Wai Li from City University of Hong Kong. The moderator of the session was Prof. Chung Mo Koo from Kangwon National University, Korea. During the three days of the Conference, there were more than 100 participants from Universities across the world, including countries like US, Japan, China, Korea,

Taiwan, Hong Kong, Thailand, Singapore, Israel, Italy and India and the scholars and academicians were actively engaged in intellectual exchange.



## ANNOUNCEMENT

### INTERNATIONAL MANAGEMENT INSTITUTE KOLKATA

cordially invites you to the

#### *Third Annual Convocation*

on Wednesday, September 9, 2015, 11:00 a.m. at IMI Kolkata Auditorium

**Shri Jawhar Sircar**

CEO, Prasar Bharati

has kindly consented to deliver the convocation address

**Shri Sanjiv Goenka**

Chairman, Board of Governors, IMI Kolkata

will preside

R S V P

Ms. Debasree Dutta/Mrs. Mehr Khan

Desk No.: +91-33-66529642/618

Email : [d.dutta@imi-k.edu.in](mailto:d.dutta@imi-k.edu.in)/[m.khan@imi-k.edu.in](mailto:m.khan@imi-k.edu.in)