

**MFI-SHG Products of Women
Exclusive Online Marketing - India Post Payments Bank**

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ABSTRACT

Microfinance enabling women empowerment has been successful with respect to financial access for women, but the 'elephant in the room' is how to market the products produced. Online marketing incorporates all the elements of e-commerce, lead-based websites, and affiliate marketing with local search. With the 'Make in India' campaign and the 'Digital India' program all set to take off in India, and India is going through rapid liberalization. The influx of the privatization has left the government-run highly subsidized post office on the brink of closure, there has been a revival of sorts with the introduction of savings and insurance products successfully run by the post offices. With the largest network of core banking solutions branches in India from 250-odd in 2014 to 22,000 at present, India Post has come a long way. Now there has been a new development of the post offices becoming payments bank. MFI-SHGs can get into an exclusive marketing agreement with India Post to market all their products online. India Post can delve into this venture and it is a win-win solution for all the stakeholders.

Keywords: Online Marketing, Self-Help Groups, Micro-finance, India Post, Payments Bank

Economic freedom is very important for women empowerment. They must be partners in economic development also. I have seen that women are very good in adapting to latest technology. We should link women and technology up-gradation.

Narendra Modi, Prime Minister of India

When women are financially independent, they are able to provide for their family's needs – especially those of their children. Linkages between the two, financial independence and empowerment show: Women are less likely to be victims of domestic violence; Children are more likely to receive education and stay in school longer; women's participation in household decision-making increases; they are healthier and they are able to bring about a better atmosphere in the home too. The ambience of the house is more harmonious. Although there are not enough studies to have measured the empowerment, which is the most difficult part, empowerment is there and it is manifested in several ways, as women are omnipresent at home and at work, however undefined their work at both places are.

While my research in the role of microfinance in empowering women has analyzed and presented the scenario with respect to financial access for women and the various channels available to them, from MFIs to Banks, the 'elephant in the room' is how to market the products produced by the women beneficiaries. Many cases, women are engaged in sundry activities that cater to their own fellow villagers and they may not grow into full time entrepreneurs. But there have been a substantial percentage of women who have suitable skills that have been utilized in the family trade or business. Such and other women who have been trained in various skills by NGOs face the perpetual challenge of 'selling the products'.

Governments and NGOs have put in several efforts, namely organizing Trade Fairs and Melas in the urban areas, and arranging buyers either as part of a supply chain or tie-ups with bigger companies. But all this has always been one-on-one and highly dependent on the buyer and the NGOs. The women beneficiaries are not fully trained in marketing and the rural areas lack the necessary linkages, infrastructure-wise.

While emphasizing the need for extensive training in financial literacy and marketing as the thrust of the training program, it is the purpose of this paper:

- to introduce the concept of online marketing to the SHGs and the women beneficiaries of microfinance
- to make India Post Payments Bank the authorized web-marketer for the products of the women beneficiaries of the SHGs

This paper intends to discuss the pros and cons of this suggestion. There is scope for more in-depth analysis to take this suggestion to its logical conclusion at a later point of time. It will be more

effective if this suggestion can be implemented on a trial basis on a specific and defined geographical area, for a pre-defined period of time and then the outcomes analyzed and compared with beneficiaries not under online marketing, similar to randomized control trials. This will be the task of research organizations like the Centre for Microfinance in collaboration with government bodies like NABARD and policymakers in the government.

The online marketing idea will be explored first and the India Posts Payments Bank will follow thereafter.

1. Online Marketing Scenario

1.1 The Demand Side

Online marketing enables the seller to reach a pan-India audience. This has enabled the customer to get the best price, compare with other products and make an informed decision from the comfort of his chair. The rural market is also a participant in these to a substantial extent. Companies stand to benefit as they can make their presence where they are yet to establish a physical presence. Thus the largest, widest and most unique products are available without any physical commuting by the customer. The convenience and product range is a major contributing factor for customer preference of online marketing.

Liberalization of the Indian economy saw the entry of the competitor to the Indian businessman. India's Retail Industry saw the dwindling of the Kirana Stores, the Weekly markets and gave in to the Chain Stores, Departmental Stores and the advent of the Mall in the urban environment. This happened to groceries, clothes, medicines, footwear and gradually all products. The next stage in marketing was digitalization. E-Retail picked up following the success of the Credit Card culture of the people, thanks to the rapid development of the banking sector.

The IT sector and its culture of differential work timings encouraged shopping online. Traffic snarls, parking woes, pollution and competitive work atmospheres, aided online shopping to develop into a habit. Social habits of people also changed with networking culture. Life with the smartphones was a given. People from the rural areas also joined in.

1.2 The Supply Side

Online marketing is known by several terms such as internet marketing, web marketing, digital marketing, e-tail marketing and search engine marketing. Depending upon the requirement of the business, the marketing spectrum differs using appropriate and effective marketing programs that incorporate consumer data and customer relationship management systems. Organizations and potential customers are connected through the e-biz program by leveraging on several viable

factors to transform the business onto a higher-level altogether, especially when compared to the traditional form of marketing twinned with advertising.

Design, development, sales, advertising are all cleverly combined using the creative and technical tools of the internet to deliver a robust marketing strategy. It incorporates all the elements of e-commerce, lead-based websites, and affiliate marketing with local search. Individualized and personal preferences are also taken note of through the built-in software program.

1.3 Pros and Cons

Some of the merits of online marketing are:

- **Low costs:** As there are no overheads of a shop, showroom and the related infrastructure and expenditure of it, the costs pertain only to advertising and maintaining the website. This cost when weighed with the unlimited customer base and market reach, it is hardly an expense.
- **Flexibility and Convenience:** Without any physical exertion, consumers can research with regard to quality, pricing of products and services, compare and take a decision. Everything at the touch of their fingertips at any time they find convenient.
- **Extensive Research:** For those consumers who would like to know statistics regarding the product or service without any undue expenditure, online marketing is suitable.
- **Multitude of options:** Along with consumers, sellers and other stakeholders like advertisers, market analysts, policy makers also get their insights with imbedded technology that translates into valuable information with every click. Eg, email marketing, local search integration, pay-per-click advertising etc
- **Population Classified:** The consumers can be segregated according to the demography, meaning age, sex, income group, occupation status etc and the marketing plan can focus on those categories specific to their requirements.

Some of the demerits of online marketing are:

- the lack of feel of 'touch and see' inspection factor and 'trial'
- the question of the trust factor of unknown and invisible seller
- the lack of a physical and visible redressal/grievance cell
- reluctance to pay before the receipt of the product
- bargaining habit for non-branded and local products

Currently, there are several offers with exchange and return policy to cater to the problem of 'touch and feel' and 'trial'. There is cash on delivery option to consumers who do not prefer to pay prior to receipt of the commodity. Most online websites have a 'online chat' facility as well as an email facility and a 'call me' option where the Customer Care executives will mail/call and address any grievances or service related queries. The bargaining 'pleasure' is also catered to by frequent and periodic discounts and sales that are announced. All products are displayed online with multiple photographs, size and product dimensions and as many features including reviews from buyers to bring about maximum disclosure. Details of sellers are also provided to establish trust. With so much of transparency on record, the trust factor will be further established with usage and it's a problem that will get sorted naturally.

The problems of online marketing that are on the surface are the issues with regard to taxation and loss of revenue to the government. Many online stores are sourcing directly from producers and are merely the 'delivery boys - service providers' and hence do not pay any value added tax. When viewed from the transactions aspect, RBI may have objections with regard to cross-border tax, regulatory issues, backend service tax and withholding taxes. Also sub-optimal warehousing tax planning, any imbalance between FDI norms and entity controls, inefficient holding, IPR provisions, international tax inefficiencies and compliance issues and related legal framework. Ecommerce may also face issues of securities breach and cyber privacy related problems. Bribery and corruption may also make ecommerce companies open to fines and penalties and unwarranted litigation.

They may get a commission from the producers for having sold the product for them. They sell close to the cost of production, keeping prices very low which enables them to grab a larger market share, giving them the profits. If retailers (the brick-and-mortar stores) form a consortium and represent these issues to the government regarding 'selling below market price' as unfair trade practices and government takes cognizance of this along with the problem of taxation, then online markets may get more regularized and a set of controls and monitoring may come in.

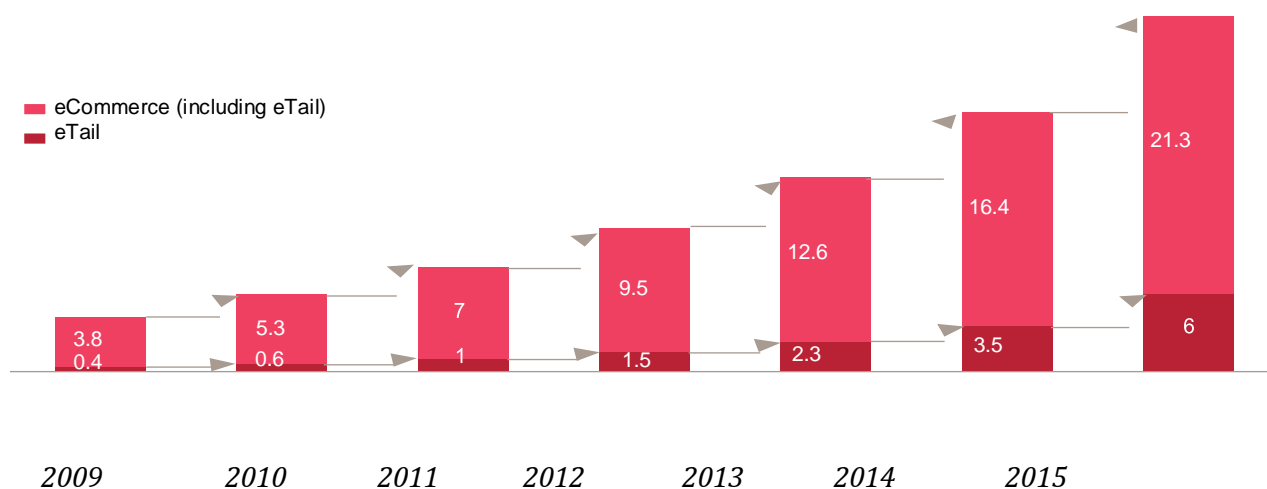
Improvements on the payments front with multiple payment instruments and increase in payment gateways with better security that include multiple authentication layers will help fix the loopholes of retail. The digital expansion program of the government and mobile with 4G adds to the online shopping experience. Online marketing is here to stay.

2. India's eCommerce Growth Potential

There has been a tremendous increase in ecommerce. While some sellers sell only online, there are several who operate both retail stores and keep their wares for sale online. Some use the internet to promote their business, improve customer service and conduct market research using websites,

blogs, email, social media sites like Twitter, Facebook and LinkedIn with advertising and promotional copy. There are many customers nowadays who inspect and 'try' the product by visiting the retail store, get the correct information and then order online to get the advantage of lesser price and offers. Online marketing has now developed so much. The sector has grown by 34% (CGAR) since 2009 and is 16.4 billion USD in 2014 and 22 billion USD in 2015. 70% of eCommerce is from eTravel with a growth rate of around 56% in the period 2009-2014. 80% of product distribution is among books, apparel and accessories and electronics.

Table 1 showing India's eCommerce and e-tail growth



Fashion e-commerce is projected to generate \$35 billion revenue out of the \$100 billion online revenue by 2020 in India.

3. Market Linkages and the MFI-SHG's

SHGs have been successful in the employment scenario, either self-employment or entrepreneurship of the women members. Some of the difficulties faced by them primarily surround the issues of training in the skills required, training in financial matters and training in marketing their products. Whilst the setting up of market facilities at the rural location or paving the way for the rural products to reach the urban markets involve huge costs and expenditure in developing the infrastructure as weighed against the quantity of products at each location, another plausible solution is to train them in online marketing.

Information about the markets, pricing and related linkages are absent to the rural seller. They are also unaware and not sufficiently educated to understand the nuances of how to conduct a business. It is at this juncture that the concept of online marketing is highly relevant. Training the women in online marketing may sound far-fetched at first instance but it is actually possible. India is a country that is lauded with lop-sided development. There has always been a clash of extremes, with the

imbalances and unforeseen effects of liberalization that just thrust the Indian consumer with products that just don't match. People have mobile phones but are illiterate, can buy coke but don't have water. Taking advantage of a flaw is to use it to one's benefit. At a time when banks, NGOs and NBFCs have introduced biometrics and basic usage of electronics to the SHG beneficiary, it would naturally be the next step to train them in online marketing.

4. The Rural-Digital Picture

In spite of internet connectivity issues, there will be a predicted 200 million internet users of mobile phones by 2017. Out of the 898 million mobile subscribers in India, 292 million of them are living in rural areas. The Aakash tablet was another such initiative to empower the rural population with internet. As of now only 2% of rural India has access to the web, out of the more than 70% that lives there. Websites like Wikipedia are providing content in regional languages which is a good sign.

With the 'Make in India' campaign and the 'Digital India' program all set to take off in India, a [snapshot](#) of the real picture is encouraging to see. An estimated 121 million Indians are using the internet, although a relatively small proportion of the 1.2 billion population.

Table 2 showing India's internet

- 2% - Number of rural Indians using the internet
- 25% - Growth in Indian internet users in India over the past 12 months.
- 59% - Number of Indians who only access the internet via mobile devices.

Source: [wearesocial](#)

Tbale 3 showing What Indians do online

- 3 hours - Average time an Indian net user spends on social media.
- 13m - Number of Indians registered on matrimonial or dating sites.
- 70% of Indian internet users who watch online videos.

Source: [wearesocial](#)

The rural population are gearing up to the internet revolution and it is fitting that they be trained to use internet to their advantage. While global producers are looking at the [rural sector](#) as a viable and untapped resource to market their products, why not the other way around?

In my research in microfinance and women empowerment, a question was posed to several respondents regarding awareness of online marketing and if they would be interested in it. The

survey conducted in Trichy, involving 122 beneficiaries, considered the parameters on 'on-line Marketing'.

(Source for the following two tables, my research available at

<http://www.euroasiapub.org/pastissue.php?title=IJRESS&vol=Volume%206,Issue%204,April-2016>)

Table4 showing Awareness of Online Marketing

Particulars	No of Beneficiaries	Percentage
Yes	46	38
No	76	62
Total	122	100

38% of the respondents are aware of on-line marketing. This is due to literacy level of the beneficiaries.

Table 5 showing Interested to market products online

Particulars	No of Beneficiaries	Percentage
Yes	49	40
No	73	60
Total	122	100

More beneficiaries have shown interest to market their products through platform, as 40% responded favorable to the concept. There are several ways of introducing online marketing to the women beneficiaries of MFI-SHG.

5. Franchise

Franchising is one route that is time-tested and successful. It is a relationship between a franchisor and one or more franchisees wherein the former provides the latter to build his business. The franchisee is usually given exclusive access for a defined period of time to offer specific products and/or services under explicit guidelines that cover trademarks, brand names, service, production, marketing methods and entire business operation model, for a fee or a profit sharing agreement. The franchisee provides the time, capital and desire to utilize the brand and services provided by the franchisor to build a business.

6. Exclusive Marketing and Distribution

Simply put, marketing is the process of moving the products from the producer to the consumer. This movement could be direct from the producer or through intermediaries like wholesalers, retailers and distributors. Exclusive marketing is an agreement between a supplier/producer and a seller/retailer granting the latter exclusive rights within a specific geographical area to market the supplier's product or service. It includes the arrangements that the two have with respect to patents, licenses, payment of royalties, commission and profit sharing. Promotion, product and pricing are all integral parts of the marketing and/or distribution strategy.

Distribution involves making a product or service available for sale or consumption of buyer/consumer directly or indirectly through intermediaries. Exclusive distribution is when a supplier grants a distributor to sell his specific goods or services to a specific group of customers. In intensive distribution, the producer's commodities are stocked in the majority of outlets while in selective distribution, the producer selects few intermediaries to carry their product. It includes storage, forwarding, distribution and comprises basically the physical movement of the goods. The distribution channel is the intermediary between the seller and the buyer.

Exclusive associations with brands proved to be a tool used in marketing to create brand recall among customers. This association also helped to establish control and leadership as a strategic partner for leading national and international brands that would be interested in making a mark in the e-commerce sector of India.

7. Rural Saviour – India Post

It is common knowledge that a post office and a postman have played an important role in the lives of the poor, illiterate villagers since several generations. There was a time that the postman was the only literate person in the village who would translate any letters and documents to the villagers. The question of trust has been tremendously high when it comes to the village postman who is trusted to hand over their money parcels honestly. Thus for decades the India rural picture holds on to the honest, trustworthy postman and post office.

When the question of online marketing and exclusive marketing rights are being discussed, the unquestionable entity that can do this for the villagers is obviously the postman and his post office. At a time when, India is going through a period when rapid liberalization and the influx of the privatization has left the government-run highly subsidized post office on the brink of closure, there has been a revival of sorts with the introduction of savings and insurance products successfully run by the post offices. With the largest network of core banking solutions branches in India from 250-

odd in 2014 to 22,000 at present, India Post has come a long way. Now there has been a new development of the post offices becoming payments bank.

8. India Post and Payments Bank

The [Payments Bank](#) from India Post, which will start off from March 2017 has already received 40 proposals from within and outside the country, to sell insurance products, financial products, government-to-public services and private-to-public services. The infrastructure as far as the India Post network is concerned is already well established. A revival of India Post is on the anvil and is showing very positive scope and potential. The Department of Posts had shared that around 25 companies such as Deutsche Bank, State Bank of India, ICICI bank and global companies like Barclays have shown their desire to partner [India Post](#) Payments Bank.

11 firms including Paytm, Reliance Industries, Bharti Airtel and Vodafone have their proposals to set up payments banks approved by RBI in Aug 2015. Although they will be able to bring out products of demand deposits and remittances to encourage savings, lending activities will be restricted initially although issuance of debit cards and ATM cards will be allowed. 650 main branches that have head or bigger post offices will initially have the payments banks.

Consequently, 25,000 'Spoke' branches will be set up and 1,30,000 post offices will work as Business Correspondents with an employee strength of 1.54 lakh officers, larger than the State Bank of India. Based on the cash-on-delivery business model, the e-commerce parcel delivery division of the post office has earned Rs.1000/- crores. It is proposed that the post offices can facilitate payments of central and state governments as well as municipal dues and payment of fees to universities and educational institutes through the India Post Payment Banks. The ubiquitous postman will have a transformation by enabling him with smart phones and tablets apart from the hand held banking machine to enable ease of working.

9. India Post and Online Marketing

MFI-SHG's can get into an exclusive marketing agreement with India Post to market all their products online. India Post can delve into this venture and it is viable as it is soon to emerge as Payments Bank too. It is natural to follow it up with the marketing and distribution of SHG's products and services, since the infrastructure is already in place. All that is required is to train the women beneficiaries in the basic requirements to become an online entrepreneur. Training is also required for the Post Office employees in this.

India Post has already transacted in the Cash-on-delivery segment for Flipkart, Snapdeal and Amazon to the tune of Rs. 280 crores. Government can start from here to develop the distribution channel and generate revenue.

10. The Private Sector Role

It is mandatory now that every company has to devote 2% of their profits in a socially responsible work. Section 135 and Schedule VII of the Companies Act, 2013 has incorporated norms with effect from 1st April 2015 that companies with Rs.5 crore net profit or Rs.1000 crore turnover or Rs.500 crore net worth will have to spend 2% of their three-year average annual net profit on CSR activities in each financial year.

To financially empower rural women, [Project Shakti](#) is an initiative by Hindustan Unilever to create livelihood opportunities for them. The company provided the basic training in accounting, selling skills, health and hygiene and relevant IT skills to the Shakti entrepreneurs. They equipped them with smart phones, that was built-in with Apps like Enterprise Resource Package. These women were called Shakti Ammas and moulded to develop an entrepreneurial mindset and to become financially independent.

Many companies have pursued a variety of initiatives in this regard, albeit to promote their products in the hitherto unexplored rural market. In the process, the rural populace has been trained in many of the essential skills in marketing, financial abilities and entrepreneurship, although for a company's products. Similarly, they can be trained to sell their own products.

11. Concluding Note

It goes to show that the essential requirement of online marketing by women beneficiaries is possible and viable. The steps they have to take primarily consists of:

1. Training – Financial, Marketing and IT
2. Digitally enable villages
3. Exclusive association for marketing and distribution with any of the following combinations:
 - a. India Post Payments Bank – A public initiative
 - b. Corporate Social Responsibility – A private sector initiative
 - c. Private-Public sector joint initiative

Empirical references have also showed that the MFI-SHG is a successful venture towards financial independence and women empowerment and is the victory in the battle against poverty alleviation through sustainable methods. At the same time, research has also showed the stumbling blocks

micro-entrepreneurs face is with regard to marketing their products and services in the face of infrastructural bottlenecks at the village level. While it is not cost efficient for governments to tick all the boxes as far as infrastructure is concerned, the most cost efficient solution is to digitalize villages, and enable online women entrepreneurs from the rural sector.

India Post Payments Bank with or without partnership with the private sector is the key. As an investment strategy, rural e-tail market is at its nascent stage with high sweepstakes for the investor, here the poor rural women and in the process, India Post Payments Bank, and the country to enter the billion dollar club. It is a win-win solution for all the stakeholders, namely the India Post, Women SHGs and the Government and the Country. This would, may be a small step for ecommerce but a giant leap for woman-kind.

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