

Role of Indian Postal Services in E-Commerce

Isha Tiwari

Assistant Professor in commerce, SD College, Hoshiarpur (India)

ARTICLE DETAILS

Article History

Published Online: 07 September 2018

Keywords

Postal services, internet, technology, e-commerce

ABSTRACT

The postal sector has undergone significant changes in the past several years. Postal service providers are confronted with various issues such as growth in e-commerce, changes in technology etc. Traditionally Indian postal service was synonymous with letters, post cards or telegrams but with advent of email it seemed like postal services were going to vanish. But rise in e-commerce has given a fresh breath of life to postal and courier services. New technologies had made online shopping very convenient and therefore the numbers of packages and parcels conveyed by postal operators have increased to a large extent. But while parcel deliveries are increasing, letter volumes have fallen substantially. These types of tendencies require a different postal infrastructure as well as different skills and patterns of employment for employees. The objective of this research paper is to study the role of postal services in e-commerce.

1. Introduction

Indian postal services have seen remarkable growth after boom in e-commerce industry, But at the same time it is facing tough competition from private courier or logistics firms.

Indian postal services are a government operated sector which comes under the Department of Posts, which itself is a part of the Ministry of Communications of the Government of India. It is known by the name INDIA POST. The vast infrastructure of post offices is essential to realize the mission of India Post. It is the most widely distributed postal system in the world with more than 154939 post offices. This is twice the reach of all the banks in India put together! 89.96% of the post offices are located in rural areas. Most services such as post or parcel delivery, money transfer, insurance and pension schemes offered by Indian post offices are great value for money as the tariffs are designed to be affordable for the common man.

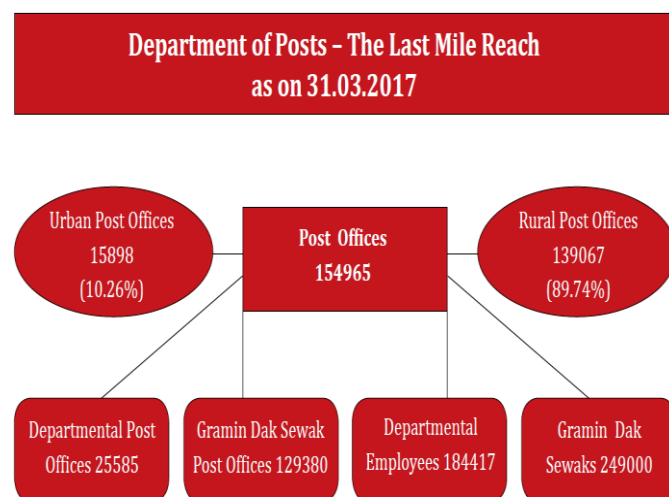
2. Importance of Indian Postal System

- Money Transfer, Forex and other Important Functions:** With liberalisation globalization and privatisation Indian Post also provides important financial services such as Money Remittance and Forex Services. These services are quick, reliable, safe and very affordable.
- Insurance:** India Post also performs the vital function of providing insurance through its Postal Life Insurance and Rural Postal Life Insurance Schemes. The premium applicable is among the lowest on the market today.
- Communication and Business Services:** In the early years, when communication facilities were few and underdeveloped, India Post provided Indians with best communication services delivering mail, telegrams and parcels.

- Mobilizing Savings:** Mobilizing even the smallest of savings from the most vulnerable sections of society and channelizing them into safe and attractive investment options is an important function of India Post.
- Army Postal Service:** This highly subsidized mail and package function by India Post is for the armed forces of India. Military mail is sent between duty stations in India or abroad and is also available to military personnel in combat zones. In many cases the service is free.

3. As Per India Post Annual Report 2017-18

The Department of Posts, with its network of 1,54,965 Post Offices, is the largest postal network in the world.



As it is clear from this data, the network of post offices under India post is unparalleled. No private courier or other logistic firm can even come close to this. This can become the

backbone of ecommerce industry which depends largely on logistics.

One factor that needs to be highlighted is that India post has unprecedented reach in rural areas which cannot be duplicated by any private player. With the internet reaching every nook and corner of country the awareness of consumers is increasing and it's changing the shopping habits. Easy availability of loans and option of buying on monthly installments is another factor that has increased the confidence of rural consumer.

On an average, Amazon sends 3,00,000 packages through India Post every month followed by Snapdeal (80K), Yepme (60K), Myntra (50k) and Flipkart (30K).

If we look at United States Postal Service, its business share of ecommerce is 3% but revenue this 3% contributes is about 30%. This only shows how booming ecommerce is changing the face of postal services worldwide.

India Post has all the ingredients to become a thriving industry if few changes can be made. Present government has chalked out several steps and plans to further strengthen the postal services. The IT Modernization Project of Department of Post was approved by Government Of India in November 2012 with an outlay of Rs. 4909 crores.

The most important factor from consumer perspective when buying products online is real time tracking. These steps require IT modernization of the whole department. Bar code can be generated at the time order is prepared and then it's scanned at every step and the detail entered in system.

With internet boom new industries have come up and one such industry is e-commerce. E-commerce allows people to buy goods ranging from clothes, grocery, and other household material over the internet. There are new websites coming up where sellers advertise their products and consumers can buy them. There are numerous advantages of shopping online. Some of these are:

- Saves time: Shopping online saves time as consumers don't have to go to stores, stand in queues. Online consumers just have to click and add the goods to basket and they are delivered at doorstep.
- Saves money: Consumers can do comparison on different websites and look for best deals. Also it saves the money needed for transportation.
- Comparison shopping: Websites have review system where consumers can give feedback not just for the products but for the sellers also. This helps in making consumers intelligent decisions and buy products with confidence.
- Transportation: As mentioned previously, online shopping saves the hassle of transportation. In India one of the major modes of transportation is two-

wheeler and transportation of bulky goods requires labor which adds to the cost.

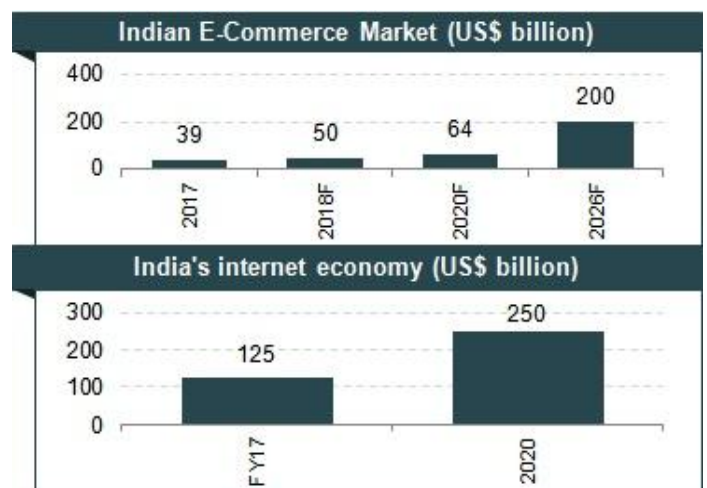
- And last but not the least who can deny the luxury of able to shop 24/7, 365 days a year.

In internet shopping the payment is usually done through ATM cards, Credit or Debit card. Also available is the option of cash-on-delivery which gives peace of mind to consumers in Indian environment where consumers are cautious of fraud.

As a seller it gives the advantage of not having to invest in prime real estate which keeps operational cost down. This can result in better pricing option for consumers. Sellers can have better marketing through emails, social media. And irrespective of your location whether its big city or rural area it kind of gives level playing field to all the sellers. It's a whole supply chain which has moved from brick and mortar stores to internet.

4. Data As Per Indian Brand Equity Foundation (Www.lbef.Org)

- The Indian e-commerce industry is in growth phase and is expected to surpass the US to become the second largest e-commerce market in the world by 2034.
- India's e-commerce industry is expected to grow from US\$ 38.5 billion as of 2017 to US\$ 200 billion by 2026.
- India's internet economy is expected to double from US\$125 billion as of April 2017 to US\$ 250 billion by 2020, majorly backed by ecommerce.
- E-commerce industry in India witnessed 21 private equity and venture capital deals worth US\$ 2.1 billion in 2017 and 40 deals worth US\$ 1,129 million in the first half of 2018.
- E-commerce startups in India received US\$ 786.87 million of funding in the first half of 2018.
- Online retail sales in India are expected to grow by 31 per cent to touch US\$ 32.70 billion in 2018, led by Flipkart, Amazon India and Paytm Mall.



5. Conclusion

The IT Modernization aims at transforming the Indian postal Department into a 'Technology enabled, self-reliant

market leader'. It will result in increased market share and revenues, launch of new products and services, improved service delivery system, motivated workforce and enhanced

customer satisfaction. We are hoping as India grows, India Post will get modernize too and become part of ecommerce boom.

References

1. <http://www.postofficeinfo.com/9297/need-importance-indian-post-offices>
2. www.ibef.org
3. <https://www.indiastat.com/telecommunication/28/post/218/stats.aspx>
4. <https://www.firstpost.com/business/economy/india-post-best-suited-for-e-commerce-delivery-services-govt-1988633.html>
5. https://www.indiapost.gov.in/VAS/DOP_PDFFiles/Post_AR_English_2017-18.pdf