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Growth and opportunities of e-commerce in rural areas: Evidence from Bastar district

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Abstract

E-commerce has emerged as a transformative force in rural India, driven by surging internet penetration (57% of 958 million active users in 2026 are rural) and smartphone adoption. National projections indicate the rural e-commerce market could exceed US\$100 billion by 2025, with overall Indian e-commerce growing at 19-25% CAGR to reach hundreds of billions by 2030. This paper analyses growth drivers, opportunities for rural sellers and consumers, and evidence from Bastar district (Chhattisgarh)-a tribal-dominated region rich in GI-tagged handicrafts like Dhokra, woodcraft, and Kosa silk. While national rural adoption is accelerating via platforms like ONDC, Amazon, and Flipkart, Bastar shows extremely low e-commerce usage (only 2% of artisans trade online; 98% do not). Infrastructure upgrades (BastarNet fibre optic network and 5,000+ new mobile towers) and initiatives like “Bastar se Bazar tak” create massive untapped opportunities for direct market access, higher incomes, and global reach. Challenges include digital literacy gaps, logistics, and connectivity (improving). Recommendations focus on targeted training, artisan cooperatives, and policy support to unlock inclusive growth.

Keywords: E-commerce, rural growth, Bastar district, tribal handicrafts, digital inclusion, ONDC, financial inclusion

1. Introduction

India’s e-commerce sector is witnessing explosive growth, with rural areas now leading the charge. Affordable data, smartphones, and government initiatives (Digital India, Bharat Net, ONDC) have democratised access, shifting shopping from urban-centric to tier-2/3 and rural markets (60% of orders now from smaller towns). Rural consumers and sellers benefit from wider choice, lower prices, and direct market linkages.

Bastar district (and the broader Bastar division including Kondagaon, Dantewada, etc.) is a classic case of rural-tribal potential. Home to Gond, Muria, and other tribes, it is renowned for unique handicrafts (Dhokra bell-metal, wrought iron, terracotta, woodcarvings, Kosa silk) with GI tags and rich Non-Timber Forest Produce (NTFP). Historically constrained by remoteness, forests, and past LWE issues, the region is now seeing rapid digital infrastructure rollout. This paper examines how e-commerce growth translates into opportunities here.

1.1 Objectives of the Study

- To review national and rural e-commerce growth trends.
- To identify opportunities for rural areas, with focus on sellers (handicrafts/agri) and consumers.
- To present evidence from Bastar district on adoption levels, challenges, and emerging potential.
- To suggest actionable recommendations for policymakers and stakeholders.

1.2 Significance: While national data abounds, Bastar-specific insights are limited. This synthesis fills the gap using recent primary studies on local artisans and infrastructure developments (2023-2026).

2. Review of Literature National studies highlight rural e-commerce as the next frontier. McKinsey projects the rural market at over US\$100 billion by 2025, supported by a rural

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retail base of ~US\$1 trillion. Overall e-commerce is valued at ~USD 130 billion in 2025, projected to grow at 19.63% CAGR to USD 651 billion by 2034, with rural users driving much of the expansion. Internet users reached 958 million in 2026 (548 million rural), growing four times faster than urban areas. Platforms report 30% of shoppers from rural India and strong female participation (45%).

Region-specific literature on Bastar emphasises handicraft digitalisation. Thakur & Kumeti (2023) ^[1] surveyed 120 artisans and found minimal adoption. Isaac (2025) ^[2] studied 1,000 consumers and artisans, highlighting digital platforms' role in globalising Bastar Art but noting persistent barriers. Singh (2025) ^[3] documents the "vanishing" crafts and stresses e-commerce partnerships (e.g., iTokri, GiTAGGED) for preservation. Government reports (NITI Aayog Aspirational Districts, Chhattisgarh's BastarNet) link infrastructure gains to economic inclusion.

3. Methodology

This is a descriptive-analytical review paper based on secondary sources: peer-reviewed studies (2023-2025), government reports (NITI Aayog, BharatNet), industry analyses (IBEF, IAMAI), and recent news on infrastructure. Primary data from key Bastar studies (Thakur & Kumeti; Isaac; Singh) is synthesised. No new survey was conducted; findings are triangulated with national rural trends and extrapolated to Bastar's demographic context (high tribal population, handicraft dependence, improving connectivity). Limitations: Reliance on available studies; calls for fresh primary research in Bastar.

4. Analysis and Discussion

4.1 National Growth of E-Commerce in Rural Areas

Rural internet subscribers rose to 398 million by 2024 and continue surging. By 2026, rural users constitute 57% of the total base. E-commerce penetration in rural areas has accelerated post-COVID, with quick commerce and social commerce gaining traction. Tier-2/3 cities and villages now account for the majority of new shoppers (additional 125 million online buyers in recent years). Drivers include cheap smartphones, regional-language apps, UPI payments, and ONDC's open network model, which empowers local kirana stores and producers.

4.2 Opportunities in Rural Areas

- **For Sellers/Artisans:** Direct-to-consumer sales eliminate middlemen (who currently take 70-80% margins), enabling higher incomes and global markets (US/Europe demand for authentic tribal products). Platforms allow storytelling via social media/Instagram, AR/VR experiences, and scaling production. NTFP (mahua, bamboo) and agri products reach urban buyers instantly.
- **For Consumers:** Access to diverse goods at competitive prices, time-saving, and improved living standards (70%+ rural households report gains).
- **Broader Impacts:** Boosts entrepreneurship, women's participation, financial inclusion, and cultural preservation. ONDC and "Vocal for Local" amplify these in tribal belts.

4.3 Evidence from Bastar District

Bastar's handicrafts offer high potential: Dhokra (GI 2017), woodcraft (GI 1999), terracotta, wrought iron, and Kosa silk

are unique, eco-friendly, and culturally rich. Yet adoption is minimal. Thakur & Kumeti (2023) ^[1] found only 2% of 120 surveyed artisans trade via e-commerce (98% do not); 23% use social media for advertising. Only 59% own smartphones; internet connectivity exists in 58% of areas. Production remains low (55% make <100 units/month) due to raw material issues.

Isaac (2025) ^[2] confirms digital platforms enhance visibility and global reach for Bastar Art (sold on Amazon, Etsy, Flipkart, Instagram), with consumer satisfaction linked to artisan digital adoption. However, trust in authenticity and logistics remain concerns. Singh (2025) ^[3] notes only 15% of artisans access online/international markets; 75% earn <₹5,000/month, with heavy middlemen dependence.

Positive shifts: BastarNet project laid 836 km fibre optic across seven districts for reliable connectivity. Chhattisgarh plans 5,000+ mobile towers focused on Bastar. Initiatives like "Bastar se Bazar tak" promote NTFP via ONDC/GeM. CM statements highlight Bastar's shift from "fear" to "digital transformation." These create evidence-based opportunities for artisans to sell directly, cooperatives to brand products, and youth to act as digital facilitators.

4.4 Challenges Specific to Bastar

- **Digital Literacy & Awareness:** Low education levels; artisans unaware of platforms or policies.
- **Infrastructure:** Past network gaps (improving rapidly); 31-42% areas still lack reliable mobile/internet.
- **Logistics & Trust:** High shipping costs, authenticity doubts, payment security fears (per consumer study).
- **Socio-Economic:** Middlemen exploitation, raw material shortages, youth migration (45%), Naxal legacy effects on workshops.
- **Market Visibility:** Competition from mass-produced items despite GI tags.

5. Conclusion

E-commerce is growing exponentially in rural India, with Bastar poised for transformative opportunities through its world-famous handicrafts and improving digital backbone. National trends (US\$100B+ rural market potential) align with local evidence: low current adoption (2%) but high upside via global platforms, ONDC, and infrastructure gains. Realising this can raise artisan incomes, preserve culture, reduce migration, and drive inclusive growth in this aspirational tribal region. Without intervention, crafts risk vanishing amid modernisation.

6. Recommendations

- Launch artisan-specific digital literacy camps and smartphone subsidies in Bastar blocks.
- Promote cooperatives and ONDC integration for "Bastar se Bazar tak" branding (certified authentic products).
- Partner with platforms (Amazon Saheli, iTokri, GiTAGGED, Tribes India) and offer logistics subsidies.
- Expand BastarNet/tower rollout and link with skill centres under PM-JANMAN and Aspirational Districts Programme.
- Government/NGO support: E-commerce training, raw material hubs, AR storytelling campaigns, and authenticity certification.
- Conduct longitudinal primary surveys in Bastar for

ongoing tracking.

Targeted action can position Bastar as a model for rural-tribal e-commerce success, contributing to Viksit Bharat.

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