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India's Big RFID Adoption Challenges

Talk to anyone in the global market about radio frequency identification, and you'll hear that India is a prospective market for the technology. The question is, why would anyone in my country want to adopt RFID? Is it due to existing chaotic supply chain processes, or the lack of visibility

regarding the movement of assets, or is it because people want to make their life more comfortable and put their energy to more productive use?

The answer could be any of the above. But at the same time, the technology faces stiff competition from India's pool of available cheap labor, a workforce that is ready to handle all of the tasks that an RFID device can do—and at throwaway salaries. Of course, there is human error involved, but hardly anyone cares about such mistakes when labor comes so cheap. Even if a company thinks of trying out RFID to automate its processes, and to have error-free visibility into its assets, that firm is then faced with a horde of proposals from RFID vendors lacking much of an understanding of the technology and its limitations. Most such trials fail, and the company that had put aside its apprehensions in order to test the use of RFID over cheap labor ultimately decides that RFID is useless. So the two major culprits slowing down the adoption of RFID solutions in India are cheap labor and unskillful RFID players.



India is a huge nation, with a population of more than 1.15 billion—and among them, 60 percent live below the poverty line. These people will do anything to earn money, including working long hours and keeping their eyes open forever just to tell a company where its assets are. This cheap workforce is RFID's toughest competitor in India. It is very difficult to replace such workers, and morally, it does not always make sense to pitch a solution against poor people already sweating

blood to earn their livelihood.

This brings up the tough question of how RFID and cheap labor can coexist and be beneficial for the country overall. The answer lies with the system, the government and the process of educating individuals so that the human resource can be utilized for much smarter work than simply performing tasks that even a dumb machine can do. India needs a way for a greater number of people to be involved in developing solutions and technologies for automation, instead of on primitive tasks. Everyone should move up the ladder of education. In that way, the lowest rung will be occupied by machines, and humans will be involved in doing more productive work.

The Indian government is doing lot of work in this sphere, but how long will it take to accommodate 60 percent of the nation's population? Until then, RFID solutions can be used in domains in which humans can not do much, or in which they are not equipped to withstand the environment. The answer, then, is very simple: Innovative out-of-the-box RFID solutions are currently the only ones that will fly in India. RFID solution providers need to target those industries in which it is challenging for humans to track assets and inventory, and customers should have that aha moment upon hearing of their offerings. These types of solutions would be among the first-timers on the market, so the sales cycle would take a little longer than that for any standard RFID-based track-and-trace system. Hence, I feel that it will take time for radio frequency identification to become a popular track-and-trace solution in India.

The next challenge that a genuine RFID company would face in India—and it's a rather unfortunate one—comes in the form of unskilled RFID players. If you search the Web, you will find that every two months, a new RFID firm emerges in my country, with little knowledge of the technology. Since these players have some business connections, they get chances to present

their solutions to various sectors. Most such solutions fail during the pilot phase, however, leaving customers with the notion that RFID is not useful for their particular business case. This is actually a threat to RFID solutions in India, since it gives the technology a bad reputation, causing it to lose prospective customers. Compounding the problem, the notion slowly spreads within the market that RFID is not useful for that domain, thereby resulting in the loss of additional customers who had been considering implementing RFID for their business case. As such, these players create a bad name for themselves, as well as for other players offering similar solutions.

Apart from having a lack of RFID experience and skills, some players quote a price far less than that of their competitors, in order to win a bid for a project. This is even more painful, because India is a price-sensitive market, and once someone quotes or announces such a low price for a solution, everyone else makes that fee a benchmark. Furthermore, those quoting a rock-bottom price tag often use hardware of inferior quality that is not unreliable and, hence, fails to provide a consistent, reliable solution. Unfortunately, once that inferior work is done, it spells doom for all involved. Having invested a huge sum of money to deploy RFID, a customer gets frustrated when that solution fails to perform reliably. In response, the company leaves no stone unturned in spreading the news that RFID is unsuccessful for that particular business case. This type of customer is thus lost permanently, unlikely ever to try RFID again.

To all business heads looking to implement RFID solutions, my advice and request is this: Please do not try it unless you have first checked the background of an RFID solution provider. If you identify RFID players that have successfully implemented some challenging deployments in the past, please try them. If an RFID player's background, in terms of experience and technical knowledge, is satisfactory, try them.

If you want solutions for your business case, don't worry much about deployment costs, and don't fall into the trap of cheap solutions, believing they will pay off in the end. Having a solution that runs successfully is more important.

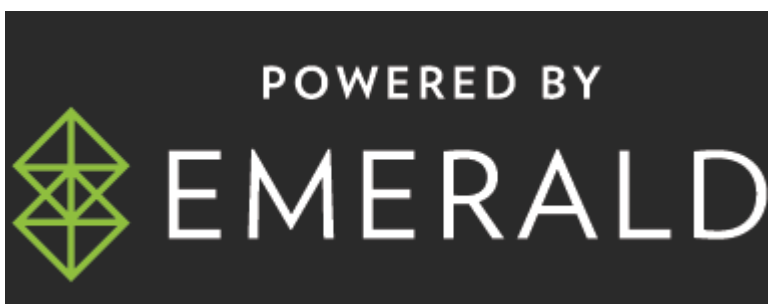
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