

Projections of E-Commerce in India

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ABSTRACT

Internet is one of the most important factors which have recently become the key ingredient of fast lifestyle. Be it for communication or connecting with people or for official purposes, 'internet' has become the central-point for all. As a result, Internet growth has led to a host of new developments, such as decreased margins for companies as consumers turn more and more to the internet to buy goods and demand the best prices Electronic commerce encompasses all business conducted by means of computer networks.

Keywords:- Ecommerce, Online payment, B2B, B2C

I. INTRODUCTION

E-commerce has unleashed yet another revolution, which is changing the way of business and services. E-commerce means buying and selling of products and services by businesses and consumers through an electronic medium, without using any paper documents. E-commerce over the World-Wide Web is a rapidly evolving and proliferating field. Establishing an electronic store (e-store) makes selling on the web a reality. Customers can purchase anything right from a book or a bike sitting comfortably in his room and gift it to someone sitting miles apart just by click of a mouse button. Products and services are now just a click away. Secure online transactions provided by vendors like Visa and MasterCard as well as online bank transfers have only added to the confidence of audiences willing to participate in online transactions.

II. E-COMMERCE SCOPE

India is currently in the midst of an e-commerce revolution. The arrival of the Internet followed by the escalating growth of Web-based businesses is leading to e-commerce both on the B2B and the B2C sides. The e-commerce trends in India are in perfect accordance with the sweeping changes taking place in the global markets. Even the IT friendly Government has taken significant strides in the past few months to ensure that the economic climate is ripe for e-business. The scope of e-commerce is to transact online. Transaction through online can be either on products or services. As per the published report of Internet and Mobile Association of India (IAMAI) on [E-commerce](#) sector in India, a rapid growth of around 50% is expected in the next 5 years. This expansion

mainly inspired by the continuous rise in the online travel business in India. It has been noticed that online travel sector increases around 76% to the entire E-commerce market today.

Due to evolution in online marketing, the entire E-commerce sector in India is hoped-for climbing in near future. In India, everybody has shown their interest and concern both to make online shopping and is actively participating in online market. This confirms the attainment and bright future of E-commerce sector in India.

Most of us are aware of buying products online through some sites like e-bay or amazon.com etc. Almost everything from gym equipment to laptops, from apparels to jewelries, is purchased online in this age of e-commerce. While these are products, people are also buying services online.

As business means keeping your customers happy and doing things the way they like, businessmen are selecting e-commerce to traditional business. In fact, companies which already exist in traditional forms are also going for the extra option of online business for the ease of the customers. E-commerce, has made it possible for the customers to avoid standing in the queue as to make payments for their bills, or booked tickets of flights and also hotel reservations. They can now do that all with just a click of a mouse button, saving both the time and money. E-commerce has also facilitated the customers to order a product sitting in one part of the globe, from another. Of course this idea has enchanted not only the customers but also the businessmen, who can now make their products

or services available to their potential customers, who might be at any part of the world.

III. GROWTH RATE OF ECOMMERCE IN INDIA

India's e-commerce market was worth about \$2.5 billion in 2009. About 75% of this is travel related to airline tickets, railway tickets, hotel bookings, online mobile recharge etc. Online Retailing comprises about 12.5% (\$300 Million as of 2009). India has close to 10 million online shoppers and is growing at an estimated 30% CAGR vis-à-vis a global growth rate of 8-10%. Electronics and Apparel are the biggest categories in terms of sales.

The India retail market is estimated at \$470 Bn in 2011 and is expected to grow to \$675 Bn by 2016 and \$850 Bn by 2020, – estimated CAGR of 7%. According to Forrester, the e-commerce market in India is set to grow the fastest within the Asia-Pacific Region at a CAGR of over 57% between 2012-16. India e-tailing market in 2011 was about \$600 Mn and expected to touch \$9 Bn by 2016 and \$70 Bn by 2020 – estimated CAGR of 61%.

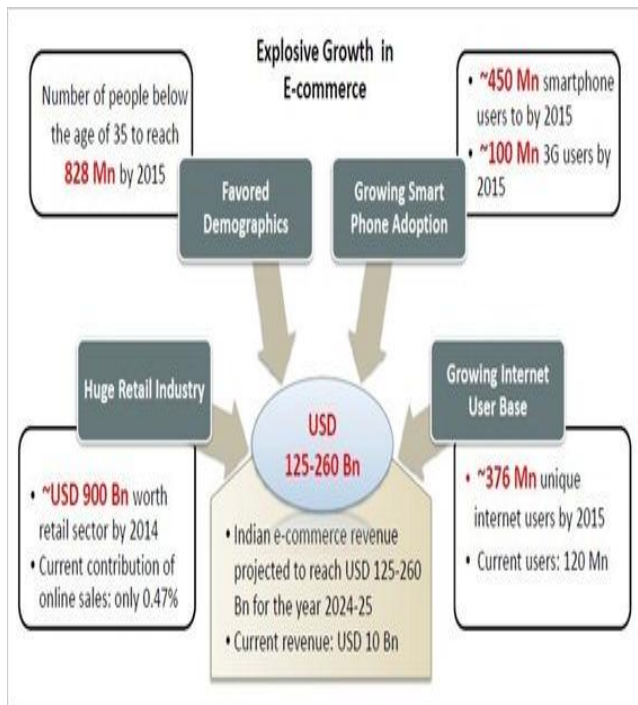


Fig: 1 Explosive growth in ecommerce

The story of ecommerce in India is not different. In India where entrepreneurs are born in every nook and corner, e-commerce provides a low investment high return opportunity. Traditional businesses have taken their things over the net and profited immensely from it. Now the whole world is their “e-bazaar”. It started slowly with bazee.com leading the way. After e-bay acquired bazee.com, the level of access that users had to e-commerce increased significantly.

IV. FUTURE OF ECOMMERCE

According to a new study from the Center for Research in Electronic Commerce, it is such a dynamic field. Every day is a new day in the world of ecommerce. We see a lot of things, and in the near future, ecommerce will become the industrial revolution of the 21st Century.

Advances in telecommunications and computer technologies in recent years have made computer networks an integral part of the economic infrastructure. More and more companies are facilitating transactions over web. E-commerce provides multiple benefits to the consumers in form of availability of goods at lower cost, wider choice and saves time. People can buy goods with a click of mouse button without moving out of their house or office. Similarly online services such as banking, ticketing (including airlines, bus, railways), bill payments, hotel booking etc. have been of tremendous benefit for the customers. Most experts believe that overall ecommerce will increase exponentially in coming years. Business to business transactions will represent the largest revenue but online retailing will also enjoy a drastic growth. Online businesses like financial services, travel, entertainment, and groceries are all likely to grow.

The growth of e-Commerce in India has had a very high correlation to the adoption of Internet in the country. India today is the third biggest Internet market in terms of users, with over a 100 million Internet user base. Forty million people in India access the Internet from work, 30 million from Cafes, apart from 11 million households that have a broadband connection in place. The time an average Indian spends online today is now on par to TV viewing time at 16 hours in a week. E-Commerce has, therefore, grown at a fast clip in India. Certain trends,

therefore, have become apparent and these are further fuelling the growth of e-Commerce in India.

V. BENEFITS AND LIMITATIONS OF E-COMMERCE

E-commerce has looked upon as one of the most efficient mediums of boosting revenue and profit. The different e-commerce tools generate different kinds of sales profit and also make business transactions possible based upon their relative efficiency and security. The invention of faster internet connectivity and powerful online tools has resulted in a new commerce arena – Ecommerce. Ecommerce offered many advantages to companies and customers but it also caused many problems. With the introduction of e-commerce business, communication has become effortless and has also changed a lot in recent years for the better. Still, there are people who think that conventional business practices are far better than the e-commerce business.

Benefits:

- Faster buying/selling procedure, as well as easy to find products.
- Buying/selling 24/7.
- More reach to customers, there is no theoretical geographic limitations.
- Low operational costs and better quality of services.
- No need of physical company set-ups.
- Easy to start and manage a business.
- Customers can easily select products from different providers without moving around physically.

Limitations:

- Technological and inherent limitations
- Time for delivery of physical products
- Physical product, supplier & delivery uncertainty
- Not suitable for Perishable goods
- Limited and selected sensory information.
- Returning goods
- Privacy, security, payment, identity, contract.
 - Defined services & the unexpected.
 - Personal service.
 - Size and number of transactions
 - Mechanical failures can cause unpredictable effects on the total processes.

- As there is minimum chance of direct customer to company interactions, customer loyalty is always on a check.
- There are many hackers who look for opportunities, and thus an ecommerce site, service, payment gateways; all are always prone to attack.

After evaluating the pros and cons of e-commerce, we can clearly state that the benefits of e-commerce are sufficient enough for overpowering the limitations. If appropriate strategies are followed and technical issues are addressed properly, you can easily build up the customers trust in your system. The present scenario of e-commerce can also be changed for good, so that it can easily adapt to the ever changing needs of the customers as well as of the world.

VI. CHALLENGES

As the information technology industry moves towards the creation of an open, competitive Electronic Marketplace, it must provide an infrastructure that supports the seamless location, transfer, and integration of business information in a secure and reliable manner. This Marketplace will be used by all application domains to procure commodities and order supplies. As such, electronic commerce applications will require easy-to-use, robust, security services, data and protocol conversion services. Using this Electronic Marketplace, a purchasing agent will competitively procure supplies, a manufacturer will obtain product or parts information, and a consumer will procure goods and services.

The real challenge to an average retailer in India is not from FDI, but from E-Commerce sites like flipkart.com, snapdeal.com, eazybuy.com, menzkart.com. The various growth drivers for e-commerce in India are busy lifestyles, increasing disposable income, lower prices available at online stores as they save on distribution and elimination of set up costs of physical entities.

VII. E-COMMERCE INDUSTRY IN INDIA – FUTURE POTENTIAL AND GROWTH

India realizes the importance of ecommerce, as this is an emerging practice of businesses in today's world. For adopting ecommerce, two requirements need to be catered to: physical connectivity and technology, and legal framework governing the flow of trade. To ensure a better connectivity, there has been an increase in the number of

Internet Service Providers following a growth in the Telecommunication sector. And to address trade related issues in ecommerce, the government has set up National Task Force on Information and Technology. The main factor of encouraging e-commerce is that the people are now comfortable using credit cards on the internet. Mobile has truly come out to have multi-functional benefits. It is now very easy to use mobile phone for activities other than casual talks and message forwarding. Electronic flow of information has increased manifold. With internet reaching a wider base of population, e-commerce transactions happen over a vaster segment of Indian society. According to the survey conducted by Internet and Mobile Association of India (IAMAI), the rural internet users have outgrown the number of urban internet users. According to the eBay Census Guide 2009, India has 2471 ecommerce hubs. These hubs are spread over the entire country and cover cities, towns, villages, and smaller towns. It was also found that rural Indians are actively involved in online shopping. Online shopping is underway in 747 rural towns of India. The study reveals that 181 rural towns, including Andhra Pradesh, Tamil Nadu, Kerala, Maharashtra, and Gujarat are active entrepreneurship hubs. These hubs cater to online selling in India and worldwide.

VIII. CONCLUSIONS

A developing country can become modernized and try for the development only when if it can extensively apply IT to enhance productivity and international competitiveness develop ecommerce and e-governance applications. A knowledge based society is composed of Information Technology products, related applications in society and economy as a whole. With the deployment of 2G and 3G wireless communication technologies, the Internet economy will continue to grow very vastly. These technologies will prove to be a catalyst in the growth of E-commerce.

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