

# E-COMMERCE IN TODAY'S SCENARIO

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**ABSTRACT :** *E-commerce involves an online transaction. E-commerce provides multiple benefits to the consumers in form of availability of goods at lower cost, wider choice and saves time. The general category of ecommerce can be broken down into two parts: E-Merchandise & E-finance. Many companies, organizations, and communities in India are doing business using E-commerce and also are adopting M-commerce for doing business. Ecommerce is showing tremendous business growth in India. Increasing internet users have added to its growth. Despite being the second largest user base in world, only behind China (650 million, 48% of population), the penetration of e-commerce is low compared to markets like the United States (266 M, 84%), or France (54 M, 81%), but is growing at an unprecedented rate, adding around 6 million new entrants every month. The industry consensus is that growth is at an inflection point. India's e-commerce market was worth about \$3.9 billion in 2009, it went up to \$12.6 billion in 2013. In 2013, the e-retail segment was worth US\$2.3 billion. About 70% of India's e-commerce market is travel related. According to Google India, there were 35 million online shoppers in India in 2014 Q1 and is expected to cross 100 million mark by end of year 2016. By 2020, India is expected to generate \$100 billion online retail revenue out of which \$35 billion will apparel sales are set to grow four times in coming years. This paper is outcome of a review of various research studies carried out on Impact of E-commerce on Indian Commerce.*

**Key Words:-** *E-commerce, E-finance, E-Merchandise, M- Commerce.*

## I.INTRODUCTION

India has emerged as one of the major players on the new international business scene. Its unstoppable economic growth since reforms in 1991 has become the focus of attention of researchers in the area of international business and management. The purpose of this paper is to review the impact of e-commerce on Indian Commerce that has been published in top business and management journals, with the aim of knowing what are the most influential papers, what are the issues that have received the most attention, which are the main findings or what more needs to be done in terms of research.

## E-COMMERCE

E-commerce is a paradigm shift. It is a "disruptive" innovation that is radically changing the traditional way of doing business. Electronic commerce is a type of business model, or segment of a larger business model, that enables a firm or individual to conduct business over an electronic network, typically the internet. E-commerce is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the Internet. These business transactions are business-to-business, business-to-consumer, consumer-to-consumer or consumer-to-business. The term e-tail is used in reference to transactional processes around online retail. E-commerce is conducted using a variety of applications, such as email, fax, online catalogs and shopping carts, Electronic Data Interchange (EDI), File Transfer Protocol, and Web services. It can be thought of as a more advanced form of mail-order purchasing through a catalog. E-Commerce is the movement of business onto the World Wide Web. The effects of e-commerce are already appearing in all areas of business, from customer service to new product design. It facilitates new types of information based business processes for reaching and interacting with customers like online advertising and marketing, online order taking and online customer service.

## II.Review of Literature

Internet and e-commerce are closely wrapped towards developed countries. But they can achieve tremendous benefits to developing countries if it is applicable as an ideal business purpose. Ecommerce is a revolution in business practices (Ohidujaman, et al 2013). The term commerce is viewed as transactions conducted between business partners. Electronic commerce is an emerging concept that describes the process of buying and selling or exchanging of products, services and information via computer networks including internet (Anupam-2011). Commercial transactions involve the exchange of value (e.g., money) across organizational or boundaries in return for products and services. Exchange of value is important for understanding the limits of e-commerce. Without an exchange of value, no commerce occurs ) (Laudon and Traver). E-business has changed processes within and between enterprises. Electronic Data Interface (EDI), widely introduced twenty five years ago on dedicated links between firms, showed how information could be directly passed from the operating systems of one enterprise into the order processing, production and logistics systems of another (Clayton and Criscuolo). Electronic commerce is creating new opportunities to the global economic, for example in global travel and tourism industry. Transforming from traditional business method to electronic commerce method is hard and there were many different factors for companies to adapt them with electronic commerce factors (Nanehkanan, 2013). (Hasan, 2010) pointed out that nowadays e-commerce industries have increasingly become a necessary component of business strategy and a strong catalyst for economic development.

**III. Objectives of the Study**

The main objectives of the study are as follows:

1. To get a full acquaintance of the E-commerce in India.
2. To know the challenges in E-commerce.
3. To know the current scenario in india.

**IV. Research Methodology**

The paper has been written on the basis of secondary data. The secondary data were collected from published books, journals, research papers, magazines, daily newspaper, internet and official statistical documents. The study is qualitative in nature.

**V. KEY DRIVERS IN INDIAN E-COMMERCE ARE**

1. Large percentage of population subscribed to broadband Internet, burgeoning 3G internet users, and a recent introduction of 4G across the country.
  2. Explosive growth of Smartphone users, soon to be world's second largest Smartphone user base.
  3. Rising standards of living as result of fast decline in poverty rate.
  4. Availability of much wider product range (including long tail and Direct Imports) compared to what is available at brick and mortar retailers.
  5. Competitive prices compared to brick and mortar retail driven by disintermediation and reduced inventory and real estate costs.
  6. Increased usage of online classified sites, with more consumer buying and selling second-hand goods.
  7. Evolution of Million-Dollar startup like Jabong.com, Saavn, Makemytrip, Bookmyshow, Zomato Etc.
- India's retail market is estimated at \$470 billion in 2011 and is expected to grow to \$675 billion by 2016 and \$850 billion by 2020, – estimated CAGR of 10%. 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 –2016. India has an internet user base of about 354 million as of June of 2015. Despite being the second largest user base in world, only behind China (650 million, 48% of population), the penetration of e-commerce is low compared to markets like the United States (266 M, 84%), or France (54 M, 81%), but is growing at an unprecedented rate, adding around 6 million new entrants every month. The industry consensus is that growth is at an inflection point. In India, cash on delivery is the most preferred payment method, accumulating 75% of the e-retail activities. Demand for international consumer products (including long-tail items) is growing much faster than in-country supply from authorized distributors and e-commerce offerings. Largest e-commerce companies in India are Flipkart, Snapdeal, Amazon India, and Paytm.

**VI. The Current Ecommerce Scenario in India:-**

The current status of e-commerce of e-commerce in India can be summarised in two G's; growing and gaining ground however there is so much more to discuss if we are seriously looking to delve in to the growth trajectory of the e-retail market. Read further to know more.

- **Growth in E-Retail is Directly Related to Growth in Internet Users**

According to Wikipedia there were 354 million internet users in India in 2015 and that number is set to grow to 500 million by the end of 2015. Having access to the internet automatically exposes the average Indian to e-commerce and online retail and that in itself translates in to growth for the e-commerce sector. According to Wikipedia growth in the penetration of e-commerce is unlike anything seen before in any other country with 6 million Indians opting to use e-commerce to meet their consumer needs for the first time joining the fray every month. This growth can only be commended.

- **Growth in Terms of Returns for the E-Commerce Industry in India**

1. In 2009 the market value of e-commerce in India was worth about 3.9 billion and that figure grew to 12.6 billion in 2013.
2. The retail segment alone was worth 2.3 billion in 2013.
3. According to figures from Google India, there were 35 million people in India shopping online and that figure is bound to rise to 100 million by the end of 2016.
4. Electronics and Apparel are definitely the winners that contribute to a large chunk of this growth trajectory in terms of sales
5. The Internet and Mobile Association of India conducted a study that predicts that the e-commerce industry is estimated to reach 211,005 crore rupees by the end of 2016.
6. Estimations for future growth continue to be encouraging even after 2016 with the e-commerce industry set to generate an estimated figure of about \$100 billion with \$35 billion of the total amount being generated by the fashion industry online.
7. Growth in the sales of apparel is set to spike four times the current estimate by 2020. ]

- **Reasons for This Growth Trajectory**

The first and primary reason for the growth of the e-commerce industry is the spike in number of broadband users and those that use 3G services. The introduction 4G services have further fueled this growth.

India's general economic growth and better living standards have a direct effect on the growing number of internet users and buying power. The quick decline in poverty rates have also contributed in a big way.

Research suggest that one of the points of impetus that fuels the growth in e-commerce is the consumers search for a wider range of products and services that is effectively being met online.

Figures support the fact that the growth in e-commerce is also directly related to competitive pricing that e-commerce platforms offer the consumer.

Million dollar startup firms like Flipkart, Snapdeal and Jabong further fuel this growth.

- **The Big Winners**

The ecommerce sector like any other business sector has had its fair share of amazing success stories. Smart startups from just a few years back have now grown in to major e-commerce giants in India and the path to success has often been the smart retail of widely used and purchased consumer products at attractive rates that are highly competitive when compared to price tags at real time stores, malls and boutiques. The emphasis has been on giving the online buyer a wide range of choices at highly competitive cost and this agenda has resulted in amazing success for eCommerce giants like Flipkart, Snapdeal and Jabong. Aggressive marketing campaigns, promotional and free flow of investments are also major contributing factors.

- **Shut Downs and Acquisitions**

While the ecommerce sector has experienced tremendous growth there has been a fair amount of closures and acquisitions due to the increased demand for funding that some ventures haven't been able to supplement. While aggressive advertising has been the way to success for many startups, the lack of proper funding for promotions and advertising has been the reason for failure for a few. Examples of such ecommerce ventures are Dhingana, Rock.in and Seventy MM. Many even had to change their business models to survive.

### **VII. Growth and Prospects of E-Commerce in India:**

Increasing internet and mobile penetration, growing acceptability of online payments and favourable demographics has provided the e-commerce sector in India the unique opportunity to companies connect with their customers, it said. There would be over a five to seven fold increase in revenue generated through e-commerce as compared to last year with all branded apparel, accessories, jewellery, gifts, footwear are available at a cheaper rates and delivered at the doorstep, (as per industry body Assocham). It is noted that the buying trends during 2016 will witness a significant upward movement due to aggressive online discounts, rising fuel price and wider and abundant choice will hit the e-commerce industry in 2016. It observed mobile commerce (m-commerce) is growing rapidly as a stable and secure supplement to the e-commerce industry. Shopping online through smart phones is proving to be a game changer, and industry leaders believe that mcommerce could contribute up to 70 per cent of their total revenues. In India roughly 60-65 per cent of the total ecommerce sales are being generated by mobile devices and tablets, increased by 50 per cent than in year 2015 and also likely to continue upwards. It noted that the browsing trends, which have broadly shifted from the desktop to mobile devices in India, online shopping is also expected to follow suit, as one out of three customers currently makes transactions through mobiles in tier-1 and tier-2 cities. In 2015, 78 per cent of shopping queries

were made through mobile devices, compared to 46 per cent in 2013. In 2015, the highest growth rate was seen in the apparel segment almost 69.5 per cent over last year, followed by electronic items by 62 percent, baby care products at 53 per cent, beauty and personal care products at 52 per cent and home furnishings at 49 per cent. It revealed that Mumbai ranks first in online shopping followed by Delhi, Ahmedabad, Bangalore and Kolkata. On the mode of payment, almost 45 per cent of online shoppers reportedly preferred cash on delivery mode of payment over credit cards (16 per cent) and debit cards (21 per cent). Only 10 per cent opted for internet banking and a scanty 7 per cent preferred cash cards, mobile wallets, and other such modes of payment, it said. Among the above age segments, 18-25 years of age group has been the fastest growing age segment online with user growth being contributed by both male and female segments. The survey revealed that 38 per cent of regular shoppers are in 18-25 age group, 52 per cent in 26-35, 8 per cent in 36-45 and 2 per cent in the age group of 45-60.

### **VIII. Challenges of E-commerce in India**

India has less credit card population, lack of fast postal services in rural India. Accessing the Internet is currently hindered down by slow transmission speeds, frequent disconnects, cost of Wireless connection and wireless communication standards over which data is transmitted. High-speed-bandwidth Internet connection not available to most citizens of the nation at an affordable rate. In India, mostly people are not aware about the English language or not so good in English language. So that for the transaction over internet through electronic devices, language becomes one of the major factors to purchases, hire and sell a particular product or services. Multiple issues of trust in e-commerce technology and lack of widely accepted standards, lack of payment gateways, privacy of personal and business data connected over the Internet not assured security and confidentiality of data not in place to deploy ubiquitous IT Infrastructure and its maintenance.

The major challenges faced by the sellers and the buyer which carrying out business transactions through internet are as follows:

- Private and public corporation is not involved jointly to grow the business of e-commerce. Private and public joint initiative is needed to develop the ecommerce business. Joint initiatives bring credibility inside people, which is needed for flourishing the ecommerce business.
- There is a lack of system security, reliability, standards, and some communication protocol. Customer loses their money if the website of ecommerce site is hacked. Most common problem of e-commerce website is not having enough cyber security.
- Financial institutions and intermediaries: Thus far, financial institutions and banks in developing countries are hesitant to take an active role in promoting e-commerce. However, merchants need the involvement of banks to broaden the reach and appeal of ecommerce and to help prevent fraud and potential losses attributable to credit card fraud. But beyond the credit card approach, banks and other financial service intermediaries are challenged to develop alternative modalities for secure and reliable online transactions in environments where credit cards are not commonplace (Anupam-2011).
- In developing countries there is a culture of buying product by negotiating price with seller, which is not easily possible in case of e-commerce in developing countries because of lack of infrastructure facility.



- One of the biggest challenges is the cutting down the price of internet. Authorities are trying to keep low the price of bandwidth low. But the high cost of spreading networks and operating expenses hinder to keep price low for internet.

### **IX. Conclusion**

Growth of e-commerce depend to a great extent on effective IT security systems for which necessary technological and legal provisions need to be put in place and strengthened constantly. While many companies, organizations, and communities in India are beginning to take advantage of the potential of e-commerce, critical challenges remain to be overcome before e-commerce would become an asset for common people. With the explosion of internet connectivity through mobile devices like Smartphone and tablets, millions of consumers are making decisions online and in this way enterprises can build the brand digitally and enhance productivity but government policies must ensure the cost effective methods/solutions. ECommerce in India is destined to grow both in revenue and geographic reach. This is due to customer can place a purchase an order from anywhere with internet connection. E-commerce business provider should give importance on every customer by giving smooth service and many options for payment and have more functions available online. Other benefits are expanded product offerings and expanded geographic reach. But e-commerce business faces a lot of challenges in flourishing their business. The challenge of establishing consumer trust in e-commerce poses problems and issues that need further research.

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