E- COMMERCE IN INDIA

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> **Abstract**

E- Commerce is anything that involves an online transaction.Internet users and web services have changed E- Business globally.This paper gives an overview of E-Commerce in India and discusses its present scenario as well as the future ofIndia's E-Commerce. Also find out various factors that would essential for future growth of Indian E-commerce. And also analyze various opportunities in E-Commerce for retailers, wholesalers, distributors, producers and for people. Along with its trends, pros and cons will be discussed. In this paper we found that the Overall E-Commerce will increase exponentially in coming years in the emerging market of India.

Keywords: *Online Transactions, Internet users, E-Business, Web Services.*

Introduction

The cutting edge for business today is e-commerce. E-Commerce stands for electronic commerce. E-commerce is the use of electronic communications and digital information processing technology in business transactions to create, transform, and redefine relationships for value creation between or among organizations, and between organizations and individuals. It is   also known as Electronic Commerce and E- Business. On the internet, it relates to a website of the vendor, who sells products or services directly to the customer from the portal using a digital shopping cart or digital shopping basket system and allows payment through credit card, debit card or EFT (Electronic fund transfer) payments.

E-commerce or E-business involves carrying on a business with the help of the internet and by using the information technology like Electronic Data Interchange (EDI). More simply put, E-Commerce is the movement of business onto the World Wide Web. Internet and web services have changed the business scene in India. Ecommerce is showing tremendous business growth in our country. Increasing internet users have added to its growth. Ecommerce has helped online travel industry in many ways and added a new sales avenue through online retail industry in our country.

E-commerce can be traced back to the first electronic computers, which were built in the 1950s. However, e-commerce did not gain extensive popularity until development of the World Wide Web in the 1990s.

Objectives

1. To study various types of the E-Commerce.

2. To study the role of internet in the increase of E- Business in India.

3. To study the opportunities and trends of E –Commerce in India.

4. To study the barriers of E-Commerce in India.

5. To study the factors essential for the growth of E-Commerce in India.

Types of E-Commerce

1. B2B E-Commerce: Companies doing business with each other such as manufacturers selling to distributors and wholesalers selling to retailers. Pricing is based on quantity of order and is often negotiable.

2. B2C E-Commerce: Businesses selling to the general public typically through catalogs utilizing shopping cart software. By dollar volume, B2B takes the prize, however B2C is really what the average Joe has in mind with regards to ecommerce as a whole.example indiatimes.com.

3. C2C E-Commerce: There are many sites offering free classifieds, auctions, and forums where individuals can buy and sell thanks to online payment systems like PayPal where people can send and receive money online with ease. eBay's auction service is a great example of where customer-to customer transactions take place every day.

4. Others: G2G (Government-to-Government), G2E (Government-to-Employee), G2B (Government-to-Business), B2G (Business-to-Government) and m-Commerce (Mobile Commerce).

E-Commerce and Internet

The number of mobile internet users in India is estimated to reach around 420 million by June 2017 with the rural India growing at a much higher rate than urban India says a published by Internet and Mobile Association of India (IAMAI) & market research firm IMRB. According to a report titled Mobile Internet in India 2016, there were 389 million mobile internet users in India as on December 2016.

"Urban India, with 51% penetration is fast reaching saturation point while rural India with 16% is the future market of growth," said the report. It added that number of Internet users has registered a jump of 15% year on year between

October 2015 to October 2016. While Urban India grew at 9%, growth in rural India was almost three times at 26%.

The report also noted that average monthly bill for people Urban India reveals that the usage of mobile data as proportion of total monthly mobile bill has increased considerably to surpass component of voice services. In just over 5 years, data component has risen from being 45% of total bill to being 65% of total bill.

It also stated that the report said overall Internet penetration in India is currently around 31%. "Urban India with an estimated population of 444 million already has 269 million (60%) using the Internet. Rural India, with an estimated population of 906 million as per 2011 census, has only 163 million (17%) Internet users. Thus, there are potential approximately 750 million users still in rural India who are yet to become Internet users; if only they can be reached out properly."

According to the report, in the rural India, 48% (around 78 million) are daily Internet users, while about 140 million (83%) are estimated to use Internet once a month.

Internet is essential for the E- Commerce and increasing internet user section will provide the E-Commerce opportunities in India.The number of Internet users around the world has been steadily growing and this growth has provided the impetus and the opportunities for global and regional e-commerce. However with Internet, different characteristics of the local environment, both infrastructural and socioeconomic, have created a significant level of variation in the acceptance and growth of ecommerce in different regions of the world.

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Impact of E-Commerce in today's Global economy

E-commerce is one of the major factors in the globalization of business. Other factors include decreases in trade barriers, globalization of capital markets, the movement toward International Financial Reporting Standards (IFRS), and Internet financial reporting. Internet financial reporting has been particularly helpful to e-commerce companies (Hunter and Smith 2008). IFRS is a global standard for accounting and financial reporting (Smith 2008).

The annual growth rate of e-commerce globally has been estimated as high as 28 percent, while some individual countries have much higher growth rates. For example, in India, which has a younger than average market, the e-commerce growth rate has been projected as high as 51 percent. Even in established markets, like America and Western Europe, e-commerce is expected to grow at an annual rate of 10 percent (*The Economist* 2010).

In an examination of B2B e-commerce in Ireland, Onofrei and Nedelea (2007) found that supply chain B2B e-commerce helps minimize complexity and increases flexibility, while enhancing a higher degree of communication and operational efficiency. Kanungo (2004) examined synchronization of e-commerce and corporate strategy within the pharmaceutical industry. After reviewing 5

application of e-commerce and its significance in the pharmaceutical industry, the conclusion reached was e-commerce has created cogent value for the industry. Efendi et al. (2008) examine the financial performance of firms that are early adopters of business-to-business (B2B) buy-side e-commerce systems. Their analysis reveals that early adopters outperform their non-adopting industry peers.

Opportunities for E-Commerce in India

1. OPPORTUNITY FOR RETAILERS: A retailer can save his existence by linking his business with the on-line distribution. By doing so, they can make available much additional information about various things to the consumers, meet electronic orders and be in touch with the consumers all the time. Therefore, E-Commerce is a good opportunity.

2. OPPORTUNITY FOR WHOLE SALERS/DISTRIBUTER: The wholesalers can take advantage of E-Commerce who are capable of establishing contractors with reputed producers and linking their business with the on- line.

3. OPPORTUNITY FOR PRODUCERS: Producers can take advantages of e-commerce by linking themselves with on-line, by giving better information about their products to the other links in the business chain and by a having a brand identity.

4. OPPORTUNITY FOR PEOPLE: As more people are getting linked with E-commerce, the demand for centre providing internet facility or cyber cafe is also increasing. Hence, the people who wish to take advantage of it can establish cyber and have their benefits.

5. VIRTUAL BUSINESSES: As a result of e-commerce, business firms now have the ability to becomevirtual businesses. A virtual business is a modular structure of multiple individualbusiness firms connected via online computer technology. The individual firms making up the virtual business are networked, whichenables sharing of skills, costs, and access to markets. An individual businessfirm contributes only its core competencies. The value of a virtual business is thatthey have the flexibility required to seize new opportunities and be competitive ina complex market.

6. OPEN AND DISTANCE LEARNING: People from far flung area and financially weak can take admission in distance learning programme and at a same time can do their jobs. It is

of great help for people who are in services and want to continue their higher studies through open schools.

E-commerce in India

Today e-commerce is a byword in Indian society and it has become an integral part of our daily life. There are websites providing any number of goods and services. Then there are those, which provide a specific product along with its allied services.

A. Multi Product E-Commerce

Some internet portals provide almost all categories of goods and services in a single site; hence, they are targeting buyers of every possible product/service. The most popular examples are www.indiaplaza.com, www.thebestofindia.com, www.khoj.com, www.sify.com, www.rediff.com, www.indiatimes.com and so on. These Indian e-commerce portals provide goods and services in a variety of categories like; apparel and accessories for men and women, health and beauty products, books and magazines, computers and peripherals, vehicles, collectibles, software, consumer electronics, household appliances, jewelry, audio/video entertainment goods, gift articles, real estate and services, business and opportunities, employment, travel tickets, matrimony etc.

B. Single Product E-Commerce Some Indian portals/websites deal in a specialized field, for example

(1) In Automobiles, the portals are http://www.indiacar.com/ and http://www.automartindia.com/, on these sites we can buy and sell four-wheelers and two-wheelers, new as well as used vehicles, online.

(2) In Stock and Shares Markets some of the sites are http://www.equitymaster.com/, http://www.5paisa.com/. Some of the services offered to registered members are; Online buying/dealing of stocks and shares, market analysis and research, company information, comparison of companies, research on equity and mutual funds, tracking market trends etc.

(3) In Real Estate, the portals like http://www.indiaproperties.com/ facilitate online dealing in real estate. They offer either outright purchase or lease of a property through their portal

(4) In Travel and Tourism industry, a major Government of India portal, http://www.tourisminindia.com/ has a vast variety of information for a potential tourist.

(5) Allied services offered are passport and visa, travel & accommodation information, weather information, festival & fair dates, shopping, tour operators and more. There are also sites that highlight the tourist destinations of a specific region in India, like http://www.incredibleindia.org/, which covers North East India.

(5) In Gift ItemsToday there are specific Indian websites making the act of gifting quick and easy to suit ones lifestyle. One such site is http://www.indiangiftsportal.com/.

(6) Hobbies: The most popular hobbies from time immemorial are reading, music and films. On the India website http://www.firstandsecond.com/ one can buy more than 300000 titles of books, cassettes, VCDs and DVDs.

(7) Matrimony: In the world of e-commerce there are marriage portals like http://www.jeevansathi.com/ and http://saadi.com/. One can search for a suitable match on the websites by region of residence (India or abroad), religion or caste.

(8) In the field of employment two major portals like www.monsterindia.com and www.naukri.com are instrumental in providing job seekers with suitable employment at the click of a mouse.

Essential factors for growth of E-Commerce in India

1. Customer convenience: By providing Cash on delivery payment option service to customers.

2. Replacement guarantee: Should be Offers 30 day replacement guarantee to their customers.

3. Reach: Enabling mobile-capable sites and supporting M-Commerce services.

4. Location based services: Since customers these days are always on the move, promoting the right product at the right time and location becomes an integral aspect

5. Multiple payment option: standard credit cards, debit cards and bank payments option should be there.

6. Right content: Getting the right content and targeting customers with crisp and relevant information is of utmost importance to users on the move.

7. Price comparison: Providers offering instant price comparison are highly popular amongst the price conscious customers.

8. Shipment option: Low cost shipment should be there. The convenience of collecting orders post work while returning home should be there.

9. Logistical challenges: In India, the geographical spread throws logistical challenges. The kind of products being offered by providers should determine the logistics planning.

10. Legal challenges: There should be legal requirement of generating invoices for online transactions.

11. Quick Service: Timely service provided by the company.

12. Terms and condition: T & C should be clear & realistic.

13. Quality: The product quality should be same as shown on the portal.

14. Customer care centre: A dedicated 24/7 customer care centre should be there.

Challenges or barriers of E-Commerce

1. PRIVACY: Privacy has been and continues to be a significant issue of concern for both current and prospective electronic commerce customers.

2. SECURITY CONCERN: The rapidly expanding arena of "click and mortar" and the largely unregulated cyberspace medium have however prompted concerns about both privacy and data security.

3. ETHICAL ISSUES: Manufacturers Competing with Intermediaries Online "Disintermediation," a means eliminating the intermediary such as retailers, wholesalers, outside sales reps by setting up a Website to sell directly to customers. Disintermediations include (1) music being downloaded directly from producers (2) authors distributing their work from their own Web sites or through writer co-operatives.

4. RISK IN e-SERVICE: Consumers may believe that new internet-based processing methods expose them to new potential risks the dangers of online fraud, identity theft.

5. HUMAN SKILL REQUIREMENT FOR E-COMMERCE: It's not just about E-commerce; It's about redefining business models, reinventing business processes, changing corporate cultures, and raising relationships with customers and suppliers to unprecedented levels of intimacy.

6. INTERNET ENABLED E-COMMERCE: Integration with existing applications and processes Developing Electronic Commerce solutions successfully across the Organization means building reliable, scalable systems for 1) security, 2) E- commerce payments 3) Supply- chain management 4) Sales force, data warehousing, customer relations 5) Integrating all of this existing back-end operation.

Conclusion

India is developing rapidly and if development is to be measured, how can we ignore the role of ecommerce in it. The internet user base in India might still be a mere 100 million which is much less when compared to its penetration in the US or UK but it's surely expanding at an alarming rate. The number of new entrants in this sphere is escalating daily and with growth rate reaching its zenith; it can be presumed that in years to come, customary retailers will feel the need to switch to online business.Leading e-commerce portals in the country include Flipkart.com, Futurebazaar.com, Ebay.in, Homeshop18.com, Snapdeal.com, Indiaplaza.com,

Starcj.com, Amazon.com, Fashionandyou.com, Rediffshopping.com., inkfruit.com, myntra.com, futurebazaar.com, yebhi.com, zoomin.com and hushbabies.com. Internet on mobile phones and e-commerce are set to lead the trend in the IT sector, Google India MD Rajan Anandan said on June 2012.

The online retail segment is expected to report strong growth in the coming years owing to growing Internet consumer base thanks to increasing use of smartphones, laptops/PCs and availability of Internet in the remotest part of the country.

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