E-COMMERCE IN INDIAN-AN OVERVIEW

DR. SHANKAR T. BATTASE

Assistant Professor and Head

Department Of Commerce and Management

Government First Grade College Sindagi-

586128. Dist:Vijayapur (Karnataka) INDIA

SMT. SUNANDA SHANKAR

Asst. Professor Of Economics

Government First Grade College

Basavakalyan(585327), .Dist:Bidar

(Karnataka) INDIA

Abstract

E-commerce is playing one of the vital role in business options and facilitate to explore in the future. E-commerce is concerning the paradigm shift in the business world for trading. Forecast of E-commerce is showing extraordinary prospects in business growth of Indian Economy. The customers base of online shopping is augmented by using internet of things (IOT) and mobile phone applications. Consequently the Indian e-commerce business has seen exciting growth in since from few years. India has an internet users base of about 475 million as of July 2019, about 40% of the population. This number is expected to be 627 million by the end of 2019. Despite being the second-largest userbase 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 million, 84%), or France (54 M, 81%), but is growing, 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 faster than in-country supply from authorised distributors and e-commerce offerings.In 2017, the largest e-commerce companies in India were Flipkart, Amazon, Myntra, Paytm, and Snapdeal. In 2018, Amazon beat Flipkart and was recorded the biggest ecommerce in india in terms of revenue. It taking into consideration

India's demographic payment system and increasing internet accessibility, the E-commerce business is growing up to greater heights. However, India's overall retail opportunity is substantial, the online business is plagued with some critical challenges. Hence in attending current study has been carried out to depict the present condition and the future prospective of e-commerce business in India. It facilitates to analyze the present trends, explore the challenges and opportunities of e-commerce business in India. Growth of e-commerce trends is becoming more popular day by day as per the market demand. This is actually carrying us to the new innovative world which eventually saves lot of time and money as well because of the attractive features provided by the online market. This paper gives an overview of the applications and future of e-commerce and discusses the various factors that are important for the growth of Ecommerce in India

Keywords: E-commerce, Indian economy, business, consumer, internet.

Introduction:

The e-commerce has transformed the way business is done in India. The Indian e-commerce market is expected to grow to US$ 200 billion by 2026 from US$ 38.5 billion as of 2017. Much growth of the industry has been triggered by increasing internet and smartphone penetration. The ongoing digital transformation in the country is expected to increase India's total internet user base to 829 million by 2021 from 636.73 million in FY19. India's internet economy is expected to double from US$ 125 billion as of April 2017 to US$ 250 billion by 2020, majorly backed by ecommerce. India's E-commerce revenue is expected to jump from US$ 39 billion in 2017 to US$ 120 billion in 2020, growing at an annual rate of 51 per cent, the highest in the world. The rapid growth of e-commerce in India is being driven by greater customer choice & improved convenience with the help of internet the vendor or merchant who sells products or services directly to the customer from the portal using a shopping basket system or digital cart & allows payment trough debit card, credit card or electronic fund transfer payments. In the present scenario e-commerce market & its space is increasing in demand as well as an impressive display or range of a particular type of services. E-commerce is already appearing in all areas of business, customer services, new product development & design. E-commerce business is growing in India because of wide range of product with minimum price wide range of suppliers & customers internet. In this modern era every business units want to join online business because increasing ratio of internet users in India. E-commerce in India is still in growing stage but it offers considerable opportunity

Definition:

The buying & selling of products & services by businesses & customers through on electronic medium, without using any paper documents. E-commerce is widely considered the buying & selling of products over the internet, but any transaction that is completed solely through electronic measures can be considered e-commerce. E-commerce is subdivided into three- categories: business to business or B 2 B (Cisco),business to consumer or B 2 C (Amazon) & Consumer to consumer C 2 C (eBay)

Objectives of Study

The objectives of present study are:

1. To analyze the present trends & opportunities of e-commerce in India.

 2. To examine the barriers of e-commerce in India.

3. To find out the growth factors of e-commerce in India.
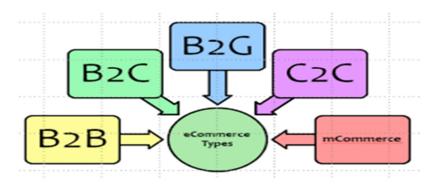
Research methodology:

The Process used to collect information & data for the purpose of making business decisions. The methodology may include publication research, interview, surveys & other research techniques & could include both present & historical information.

Research design:

The researcher has used only secondary data that has been collected from various articles, journals, books, websites etc. It have been used to study the evaluation, conceptual framework, definition, key players, present trends, future prospectus & barriers of e-commerce.

Categories of E-commerce:

Electronic commerce, a subset of e-business, is the purchasing, selling, and exchanging of goods and services over computer networks (such as the Internet) through which transactions or terms of sale are performed electronically. Electronic commerce emerged in the early 1990s, and its use has increased at a rapid rate. Today, the majority of companies have an online presence. In fact, having the ability to conduct business through the Internet has become a necessity. Everything from food and clothes to entertainment and furniture can be purchased online.

Ecommerce can be broken into these major categories: B2B, B2C, C2B, and C2C.

> **B2B(Business-to-Business):** Companies doing business with each other suchas manufacturers selling to distributors and wholesalers selling to retailers. Pricing is based on quantity of order and is often negotiable.

> **B2C(Business-to-Consumer)**: Businesses selling to the general public typically through catalogs utilizing shopping cart software in which a business sells products or services directly to consumers over the Internet. An example of a business to consumer e-commerce transaction would be an individual purchasing a pair of sneakers through Nike's website.

> **C2B(Consumer-to-Business**): A consumer posts his project with a set budget online and within hours companies review the consumer's requirements and bid on the project. The consumer reviews the bids and selects the company that will complete the project. Consumer to business electronic commerce involves consumers selling products or services to businesses. You've taken part in this form of e-commerce if you've ever completed a paid online survey where you've given your opinion about a product.

> **C2C(Consumer-to-Consumer)**: 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. consumer to consumer ecommerce, which is where consumers sell products to other consumers. An example would be one consumer selling something that he or she no longer needs eBay's auction service is a great example of where person-to-person transactions take place every day since 1995.

Investments/ Developments:

Some of the major developments in the Indian e-commerce sector are as follows:

• In August 2019, Amazon acquired 49 per cent stake in a unit of Future Group.

- Reliance to invest Rs 20,0000 crore (US$ 2.86 billion) in its telecom business to expand its broadband and E-commerce presence and to offer 5G services.
- In September 2019, PhonePe launched super-app platform 'Switch' to provide a one stop solution for customers integrating several other merchants apps.
- In November 2019, Nykaa opened its 55th offline store marking success in tier II and tier III cities.
- As of June 2018, Google is also planning to enter into the E-commerce space by November 2018. India is expected to be its first market.

Key trends driving e-Commerce in India

Government initiatives gaining momentum: The Government of India has been proactive in embracing and leveraging e-Commerce digital platforms to transform and organize traditionally offline markets such as those of agricultural produce, etc. Since 2014, the Government of India has announced various initiatives namely, Digital India, Make in India, Start-up India, Skill India and Innovation Fund. The timely and effective implementation of such programs will likely support the e-commerce growth in the country. The Government has launched an e-market platform to connect farmers with the mandis of various states to sell agro-commodities.

Digital India: One of the highly ambitious and biggest ever conceived projects is Digital India which focuses on transforming India to a digitally empowered and knowledge economy. The three key areas that have identified are to Build Digital Infrastructure as a Core Utility, enable Government Citizen Services on demand and Digital Empowerment of citizens

- ❖ **Start-up India:** This program intends to build a strong eco-system for nurturing "innovation" and "Exponential Start-ups". The Government of India has taken steps such as providing funding support through a "Fund of Funds" (with a corpus of INR 10,000 Crores); "Start-up India Hub" (a single point contact for the start-up ecosystem), tax exemptions for the initial 3 years, faster exits for start-ups are some steps besides many others

- ❖ **Make in India:** Aimed at India's industrial development, the key steps taken by the Government of India are: Improving the business environment in the country, enabling manufacturing, and allowing FDI in key sectors. Key pillars of this program worth noting are "research and innovation" and "a conducive business environment"
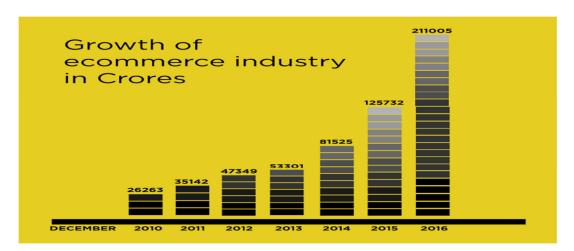
❖ **Skill India**: To bridge the shortage of skilled manpower, the Government of India has set a target to train 40.2 Crores people under the new National Policy for Skill Development by 2022. The initiative includes National Skill Development Mission, National Policy for Skill Development and Entrepreneurship 2015

Some of the major initiatives taken by the government to promote the e-commerce sector in India are as follows:

- Government e-Marketplace (GeM) signed a Memorandum of Understanding (MoU) with Union Bank of India to facilitate a cashless, paperless and transparent payment system for an array of services in October 2019.

- In February 2019, the Government of India released the Draft National e-Commerce Policy which encourages FDI in the marketplace model of e-commerce

- In order to increase the participation of foreign players in the e-commerce field, the Indian Government hiked the limit of foreign direct investment (FDI) in the E-commerce marketplace model for up to 100 per cent (in B2B models).

- The heavy investment of Government of India in rolling out the fiber network for 5G will help boost ecommerce in India.
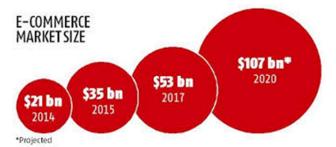
The growth of ecommerce:

India might have only 300-odd million Internet users, out of its total population of 1.3 billion. But this has not stopped online commerce from establishing itself in the country. For any other industry, it takes decades of effort to have companies that are worth billion dollars. But in India, out of the nine startup unicorns, four are horizontal online marketplaces. And despite the recent shutdowns and funding crunch affecting the startup ecosystem, digital commerce has established itself. The latest study by the Internet and Mobile Association of India (IAMAI) has, in fact, found that at a CAGR growth rate of about 30 percent between December 2011 and December 2015, Indian digital commerce stands at Rs 1,25,732 crore. The report estimates that it will hit Rs 2,11,005 crore this year. However, online shopping comes only after online travel, which is valued close to Rs 76,396 crore.

Growth of ecommerce industry in Crores

Expected E-Commerce Industries:

With an online population of 500 million in 2017, India has one of the fastest growing internet populations in the world. A compound annual growth rate (CAGR) of 13 per cent will take the number of online users to 720 million, close to where China is currently. The CAGR of the Indian online user growth is nearly four times that of global rate. The Indian e-commerce has seen a steady growth over the years from 2014 and is currently pegged at $53 billion. With a growth of 25 per cent, the Indian e-commerce industry is expected to cross the $100 billion mark by 2020.
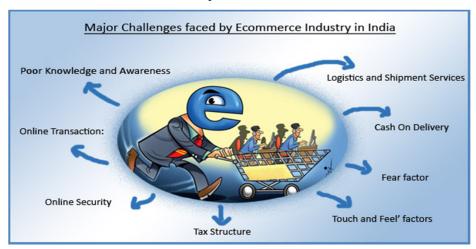

E-COMMERCE MARKET SIZE

Challenges of E-commerce in India

E-Commerce, in-spite of the opportunities it presents also has poses certain challenges which are sometimes too much to handle for start-ups:

❖ **E-Infrastructural Issues:** Internet is the backbone of e-commerce. Unfortunately, in India internet penetration is so far dismally low at 0.5 per cent of the population, penetration of personal computer (PC) as low as 3.5 per thousand of population and penetration of telephone only 2.1 per cent of population, ecommerce is not easily reachable remains to the common man.

- ❖ **Branding & Marketing:** To get people to come on an e-Commerce site and make a purchase involves heavy cost due to branding and marketing. This cost is significant and can be brought down to cost per customer, if the volumes permit to do so. Experts say that the average figure for this metric in the current eCommerce ecosystem is between INR 500 – 1000 customer, which isn't sustainable for even medium sized companies, let alone early stage ones.

- ❖ **Declining Margins:** With the introduction of a large number of players in the already competitive e-commerce market, the customer is pampered by offering huge discounts, offers, taking returns etc. resulting in less margins.

- ❖ **Logistics & Supply Chain**: Logistics failure in any area can mean detrimental damage to a startup's future and can hurt the brand overall. Add to this the need for a guaranteed return policy. Getting this right is a challenge.

- ❖ **Tax related issues:** Tax rate system of Indian market is another factor for lesser growth rate of E-Commerce in India in comparison to other developed countries like USA and UK. In those countries, tax rate is uniform for all sectors whereas tax structure of India varies from sector to sector. This factor creates accounting problems for the Indian online business companies.

Conclusion:

E-commerce is changing the way of buying & selling of product & services in India. E-commerce is future of shopping. Due to E-commerce the gap has been reduced between manufacturer & consumer. According to Indian population their vast scope for e-commerce because currently in India only 19% people using internet for selling & buying goods & services so remaining percentage we can considered that we having scope in Indian Market.

There is weak Cyber security Law in India that is why Indian People are facing challenges toward e-commerce. The future of e-commerce e in India would be bright in the upcoming years if all essential factors would be implemented, by establishing cyber & have their benefits as per people wish. The role of government is to provide a legal framework for e-commerce so that while domestic & international trade are allowed to expand their horizons, basic right such as privacy, intellectual property, prevention of fraud, consumer protection etc. are all taken care of. The expansion of e-commerce has been developed in rural as well as urban area in reign able cost for consumption

References

➢ Nisha Chanana and Sangeeta Goele "Future of Ecommerce in India"

➢ Sarbapriya Ray "Emerging Trend of E-Commerce in India: Some Crucial Issues, Prospects and Challenges"

➢ Mitra, Abhijit. "E-commerce in India-A Review." International Journal of Marketing, Financial Services & Management Research 2.2 (2013): 126-132.

➢ Chakraborty KD, Chatterjee D. E-Commerce BB. Kundu Grandsons, Kolkata, 2011, 32-56.

➢ E-Commerce in India: Drivers and Challenges a The PwC India Proposition (2015, Nov 11) Retrieved from https://www.pwc.in/assets/pdfs/technology/ecommercein-india-drivers-and-challenges.pdf

➢ E-commerce in India (2015, Nov 10) Retrieved from https://www.en.wikipedia.org/wiki/Ecommerce_ in_India

➢ e-commerce-and-its-evolution-in-india (2015, Nov 10) Retrieved from http://www.devmantra.com/2015/09/01/e-commerceand- its-evolution-in-india/)