



RESEARCH ARTICLE

E-COMMERCE IN INDIA

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ABSTRACT

Electronic Commerce is process of doing business through computer networks. A person sitting on his chair in front of a computer can access all the facilities of the Internet to buy or sell the products.

Unlike traditional commerce that is carried out physically with effort of a person to go & get products, ecommerce has made it easier for human to reduce physical work and to save time.

E-Commerce which was started in early 1990's has taken a great leap in the world of computers, but the fact that has hindered the growth of e-commerce is security. Security is the challenge facing e-commerce today & there is still a lot of advancement made in the field of security.

The main advantage of e-commerce over traditional commerce is the user can browse online shops, compare prices and order merchandise sitting at home on their PC.

For increasing the use of e-commerce in developing countries the B2B e-commerce is implemented for improving access to global markets for firms in developing countries. For a developing country advancement in the field of e-commerce is essential. The research strategy shows the importance of the-commerce in developing countries for business applications.

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INTRODUCTION

India had an internet user base of about 354 million as of June 2015 and is expected to cross 500 million in 2016. 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 million, 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.

1. 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.
2. In 2015, the largest e-commerce companies in India were Flipkart, Snapdeal, Amazon India, and Paytm.

From Wikipedia, the free encyclopedia

Growth

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. CAGR vis-à-vis a global growth rate of 8–10%. Electronics and Apparel are the biggest categories in terms of sales.

According to a study conducted by the Internet and Mobile Association of India, the e-commerce sector is estimated to reach Rs. 211,005 Crore by December 2016. The study also stated that online travel accounts for 61% of the e-commerce market.

By 2020, India is expected to generate \$100 billion online retail revenue out of which \$35 billion will be through fashion e-commerce. Online apparel sales are set to grow four times in coming years.

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Key drivers in Indian e-commerce are

- Large percentage of population subscribed to broadband Internet,^[11] burgeoning 3G internet users, and a recent introduction of 4G across the country.^{[12][13]}
- Explosive growth of Smartphone users, soon to be world's second largest smart phone user base.
- Rising standards of living as result of fast decline in poverty rate.
- Availability of much wider product range (including long tail and Direct Imports) compared to what is available at brick and mortar retailers.
- Competitive prices compared to brick and mortar retail driven by disintermediation and reduced inventory and real estate costs.
- Increased usage of online classified sites, with more consumer buying and selling second-hand goods
- Evolution of Million-Dollar startups like Jabong.com, Saavn, Makemytrip, Bookmyshow, Zomato, Voonik etc.

India's *retail market* is estimated at \$470 billion in 2011 and is expected to grow to \$675 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 2012–16.

As per "India Goes Digital" a report by Avenue Capital, a leading Indian investment bank specializing in digital media and technology sector, the Indian e-commerce market is estimated at Rs 28,500 Crore (\$6.3 billion) for the year 2011. Online travel constitutes a sizable portion (87%) of this market today. Online travel market in India is expected to grow at a rate of 22% over the next 4 years and reach Rs 54,800 Crore (\$12.2 billion) in size by 2015. Indian e-tailing industry is estimated at Rs 3,600 Crore (US\$800 million) in 2011 and estimated to grow to Rs 53,000 Crore (\$11.8 billion) in 2015.

Overall e-commerce market is expected to reach Rs 1,07,800 cores (US\$24 billion) by the year 2015 with both online travel and e-tailing contributing equally. Another big segment in e-commerce is mobile/DTH recharge with nearly 1 million transactions daily by operator websites

New sector in e-commerce is online medicine. Company like Reckwings -India, Buy on kart, Health kart already selling complementary and alternative medicine where as Net Med has started selling prescription medicine online after raising fund from GIC and Stead view capital citing there are no dedicated online pharmacy laws in India and it is permissible to sell prescription medicine online with a legitimate license.

Online sales of luxury products like jewellery also increased over the years. Most of the retail brands have also started entering into the market and they expect at least 20% sales through online in next 2–3 years.

Working of E-Commerce

The consumer moves through the internet to the merchant's web site. From there, he decides that he wants to purchase something, so he is moved to the online transaction server,

where all of the information he gives is encrypted. Once he has placed his order, the information moves through a private gateway to a Processing Network, where the issuing and acquiring banks complete or deny the transaction. This generally takes place in no more than 5-7second.

There are many different payment systems available to accommodate the varied processing needs of merchants, from those who have a few orders a day to those who process thousands of transactions daily. With the addition of Secure Layer Technology, E-Commerce is also a very safe way to complete transactions

The reality of E-Commerce with developing countries

The report is about the potential offered by internet based business-to-business (B2B) e-commerce for improving access to global markets for firms in developing countries. It addresses three questions:

B2B e-commerce opening new and cheaper access to global markets for developing country producer firms or, conversely, is it strengthening existing buyer-producer relationship and existing power relations.

Are developing country producers being marginalized by the spread of B2B e-commerce trading relationships that depend on sophisticated information and communication technologies (ICT's) and on efficient logistics systems, electronic payment systems and new certification procedures.

How can governments or technical assistance agencies help producers in developing countries to participate in B2B e-commerce developments on an equitable basis.

The question have been answered on how internet-based electronic marketplaces were actually working in 2001-2002 and how firms in developing countries were using internet applications to support and enhance their business support. This study does not examine any aspects of B2B e-commerce.

B2B E-Commerce: Issues for Developing Countries

Business to Business or B2B refers to electronic commerce between businesses rather than between a business and a consumer. B2B businesses often deal with hundreds or even thousands of other businesses, either as customers or suppliers.

Optimism about the potential of B2B e-commerce depends upon the idea that the major obstacle to increased sales is the cost of making products known to potential buyers in industrialized countries. This section makes explicit some of the expectations and assumptions surrounding the optimistic views of the potential of B2B e-commerce for firms in developing countries. It considers the policy implications that arise from these expectations and assumptions. It also examines the strength of the evidence supporting projections of rapid growth in B2B e-commerce transactions.

B2B e-commerce expectations and assumptions

The idea that B2B e-commerce would radically transform the way firms to do business can be summed up in four propositions about how this form of e-commerce is expected to work. These are taken from the publications of just two UN organizations concerned with trade and development, UNCTAD and ITC.

However, the broadly reflect the general state of the expectations for B2B e-commerce in 2000 and 2001.

E-commerce works through 'many-to-many' e-marketplaces

B2B e-commerce marketplaces are on-line spaces where many buyers and sellers can come together in one trading community and obtain sufficient information to make decisions about whether to buy or sell. UNCTAD's 2001 E-Commerce and Development Report suggested that 'many-to-many' e-marketplaces would become the dominant component of e-commerce activity and argued that "E-markets involve a large number of buyers and sellers that engage in many-to-many transactions and relationships. They create a trading community in buyers' orders are matched with sellers offers' and the trading partners benefit from other forms of collaboration".

B2B e-commerce offers greater returns to firms in developing countries than other trading channels

B2B e-commerce offers two important advantages for developing country firms. First, e-commerce related transaction costs are less sensitive to distance than traditional marketing channels, so access to global markets is made easier. Second, by simplifying and making market channels more efficient, B2B e-commerce enable developing country firms to retain a large share of the final consumer price of products. The process is not necessarily one of disintermediation, but rather one of more efficient, internet-based intermediation.

B2B e-commerce particularly helps smaller firms to enter global markets. Reduction in the costs of accessing global markets are particularly important for Small and Medium sized Enterprises (SME's)

E-Trade opens new commercial opportunities to the export-oriented enterprise. In particular, it empowers the small and medium-sized enterprise (SME), allowing into participate in international markets where previously market entry and promotion costs were prohibitive. It enables the firm to source production inputs more expeditiously, to stream line (i.e. eliminate intermediaries) its own supply- and export-distribution chains and to reduce business transaction costs.

Towards the end of the 1990's, there were high expectations that B2B e-commerce would encourage substantial changes in the way firms buy and sell products and that this would be associated with major reductions in the costs of transaction on the international market. It was suggested that:

Buyers and sellers could eliminate the 'middlemen' and intermediaries, establish one-to-one on-line trading and rationalize marketing channels.

Electronic trading would create opportunities for developing country producer firms to enter new markets and to strengthen their position in international trade.

The Reality of E-Marketplaces

How do e-marketplaces operate in practice? The answer to this question is based on the mapping of the characteristics of attributes of 184 e-marketplaces in the garments and horticulture (including some sites concerned with a broader range of agricultural products) sectors. The following

illustrates the types of applications that were present at the e-marketplaces based on the web, which were included in the sample.

Types of applications in B2B e-marketplaces

Direct Buyer/Seller Links: Provides a means for sellers to post direct links from a web site to their own company web sites. Potential buyers can follow these links to a vendor's web site. Alternatively, there may be no link and only protect and contact information about particular firm (e.g. electronic showrooms on-line directories, on-line catalogues).

Listing-agent auctions where the service provider acts as an agent running web-based auctions on the behalf of independent sellers who list their own auctions. Merchant auctions where no independent sellers are identified, and the service provider acts as a retailer, which happens to conduct its transactions by auction.

This consists of a seller or buyer posting a message to a forum within an on-line environment or to individual members, indicating a desire to buy or sell items. Buyers and sellers may be unable to select the firms to which their quotes are sent as well as the individual firms from which they Messages may include price information.

Trade Leads/Classifies

Buyers and/or sellers post messages to an on-line forum or to individual members indicating a desire to buy or sell items. Buyers and sellers do not have control over which user forms can access messages posted to the forum. Messages generally do not include price information.

E-Retail: The service provider sells products directly to users. Visitors take the role of buyers and the site provider takes the role of a seller. These platforms parallel the exchange processes common on B2C web sites.

Support services in e-marketplaces

To what extent were providers of e-marketplaces offering affordable services to support the settlement of transactions on-line? On-line trading might be greatly facilitated by services that. The road to creating a successful online store can be a difficult if unaware of e-commerce principles. Researching and understanding the guidelines required to properly implement an e-business plan is a crucial part to becoming successful with online store building.

Enable payment to be made; and Facilitate the delivery of the product.

Product delivery was equally unspotted. The companies hosting e-marketplace rarely played a direct rule in arranging for the delivery of the products. For 80% of the e-marketplace the buyers were left to take responsibility for arranging for the delivery of the products once they had been purchased. This was facilitated by links from some of these e-marketplace to third party service providers.

For an additional cost, e-marketplace users could access logistic service including shipping and delivery service, financial service customs brokering, insurance service and travel service. Shipping and/or delivery support service were accessible to

users in 34% of the 77 horticulture and 53% of the 107 garments

e-marketplace. It was not possible to excess the effectiveness of these services Sousing the method employed in this study, but in many cases the web site provider merely provided a link to the web site of the provider of these services.

Trust service in e-marketplaces

An extremely limited amount of product and partner information was available to users of the e-marketplaces. 'Buyer and seller beware' was the norm. Of the 117 e-marketplace providers, 46% noted on their web sites that they did not mediate between firms using their sites. It was the user's responsibility to evaluate whether to enter into an exchange agreement with another firm.

Online store and Shopping cart

Shopping cart software is an operating system used to allow consumers to purchase goods and or services, track customers, and tie together all aspects of ecommerce into one cohesive whole. When you are through browsing, you click checkout and complete the transaction by providing payment information. This can either be anew site developed from scratch, or an existing site to which you can add ecommerce shopping cart capabilities.

Lastly, you need a marketing strategy for driving targeted traffic to your site and a means of enticing repeat customers. If you are new to ecommerce keep things simple- know your limitations. E-Commerce can be a very rewarding venture, but you cannot make money overnight. It is important to do a lot of research, ask questions, work hard and make on business decisions on facts learned from researching ecommerce. don't rely on "gut" feelings.

Advantages of E-Commerce

Looking at the brighter side however, e-commerce obviously has numerous advantages over traditional commerce, the number one advantage being convenience of use.

The user can browse online stores, compare prices and order merchandise sitting at home on their PC. According to Forrester, 37 percent of online consumers use customer service more from Web retailers than traditional retailers because of its potential for ease of use and quick response times. "Once excellent proactive customer service is in place, merchants must build their brands around the promise of a satisfying experience "said Forrester's Christopher Kelley".

"This means not only advertising a call center but also bragging about speedy response times and knowledgeable service reps". Dell, for example has adopted the same approach to selling their products both online and offline. This however, has proven beneficial for the company, since it helped them cut down on warehousing costs. One way in which the company has encouraged online ordering is by offering rebates on the products that are bought online. Other companies should follow Dell's example if they want to succeed in the online world.

CONCLUSION

E-Commerce refers to all forms of business activities across the internet. This can include E-tailing, B2B, intranets and extranets, online advertising, and simply online presence of any form that are used for some type of communication. E-Commerce has several advantages as indicated in these papers. E-Commerce applications that started in early 1970's needs to be still developed in terms of security and efficiency. For the developing country like our India advancement in e-commerce is a challenge to complete with the developed countries.

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