E-COMMERCE IN INDIA- A REVIEW

ABHIJIT MITRA

LECTURER, DEPARTMENT OF COMMERCE,
BHAIRAB GANGULY COLLEGE, BELGHARIA, KOLKATA- 700056,

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ABSTRACT

Electronic commerce or business is more than just another way to sustain or enhance existing business practices. Rather, e-commerce is a paradigm shift. It is a ``disruptive'' innovation that is radically changing the traditional way of doing business. 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.
The present study has been undertaken to describe the present status and facilitators of E-Commerce in India, analyze the present trends of E-Commerce in India and examine the barriers of E-Commerce in India.

KEYWORDS: Ecommerce, Increasing internet users, Online retail.

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INTRODUCTION

The cutting edge for business today is e-commerce. E-Commerce stands for electronic commerce. It means dealing in goods and services through the electronic media and internet. 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. E-Commerce has almost overnight become the dominant online activity. There is no single definition of E-Commerce, it means only commercial activity which is performed or linked to or supported by Electronic Communication. 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. In now days E-commerce uses the WWW at least some point in transaction lifecycle. It can also reduce costs in managing orders and interacting with a wide range of suppliers and trading partners, areas that typically add significant overheads to the cost of products and services. For developing countries like India, e-commerce offers considerable opportunity. In India it is still in nascent stage, but even the most-pessimistic projections indicate a boom. There has been a rise in the number of companies'

taking up e-commerce in the recent past. Major Indian portal sites have also shifted towards e-commerce instead of depending on advertising revenue. Many sites are now selling a diverse range of products and services from flowers, greeting cards, and movie tickets to groceries, electronic gadgets, and computers, etc. With stock exchanges coming online the time for true e-commerce in India has finally arrived.

2. Objectives of the Study
The objectives of present study are:
1. To describe the present status and facilitators of E-Commerce in India;
2. To analyze the present trends of E-Commerce in India;
3. To examine the barriers of E-Commerce in India.

3. Status of 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. Some of the services they provide are; car research and reviews, online evaluation, technical specifications, vehicle insurance, vehicle finance, dealer locator etc.
(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. They provide information on new properties as well as for resale. One can deal directly with developers/builders or through consultant/brokers. Some of the allied

services are housing finance, insurance companies, architects & interior designers, property management consultant services etc.

(4) In Travel and Tourism industry, India has a rich history and heritage and e-commerce is instrumental, to a large extent, in selling India as a product, encouraging Indians as well as foreigners to see its multifaceted culture and beauty. A major Government of India portal, http://www.tourisminindia.com/ has a vast variety of information for a potential tourist. The tourist destination sites are categorized according to themes like: eco-themes pertains to jungles, flora and fauna, beaches of India, architectural attractions, forts and places, hill resorts, adventure-trekking, mountain climbing etc. 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 Items: In the bygone days, one had to plan what to gift a loved one, trudge across to your favorite shop, and browse for hours before purchasing a gift. Today 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/. The gifts are categorized as collectibles like paintings and sculptures, toys & games, chocolates, flowers, wood-craft & metal craft, luxury items like leather goods, perfumes, jewelry boxes, etc.

(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. The books cover a wide range of topics like business, art, cookery, engineering, children's stories, health, medicine etc. As for music and videos, they are available in English as well as in Indian languages to cater to the varied tastes and the topics range from devotional songs, old-time favorites and retro and jazz to the latest pop, rap etc.

(7) Matrimony: It is said that marriage is made in heaven, but in the world of e-commerce they are made on 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. Once registered with them, they have e-mail facility and chat rooms too, so that the couple gets to know more about each other before making the biggest decision of their lives. Allied services for registered are astrological services, information on customs and rituals, legal issues, health and beauty etc.

(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. They have directories categorized under headings employers and job-seekers. The service for job seekers is free and for employment they charge a nominal fee. Jobs are available online in fields, ranging from secretarial to software development, and from real estate to education.

4. Facilitators of E-Commerce in India

A. Information directories: Portals like http://www.trade-india.com/ and http://trade.indiamart.com/ maintain directories giving trade details on almost any topic, whether it is from apparel to toys, from gems to heavy machinery, or form food to employment. The products and services are listed with appropriate sub-headings to make it easy for a serious information-seeker to find what he wants. Some other similar sites are http://www.indiagrid.com/, http://indiainfo.com/ and http://indiatimes.com/. Allied services provided by them are message boards, chat rooms, forums, etc.

B. Banks:

1) Net banking/phone banking: This is an online banking facility available for savings account holders as well as current account holders. Some of the special Net banking services are: Demat accounts for sale/purchase of stocks and shares, Foreign Exchange services, Direct/Instant payment of bills on the account-holder's behalf, Financial Planning etc.

2) Credit/Debit Cards- Banks facilitate E-commerce by providing the most vital trade instrument, namely the Credit or Debit Card, without which E-commerce would be impossible. Some of the major Indian players in these fields are: http://www.hdfcbank.com/, http://www.icicibank.com/ and http://www.statebankofindia.com.

5. Presents Trends of E-Commerce in India

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. Insights into increasing demand for broadband services, rising standards of living, availability of wider product ranges, reduced prices and busy lifestyles reveal this fact more prominently thereby giving way to online deals on gift vouchers. Going by the statistics, According to a statement released by the Internet and Mobile Association of India (IAMAI), the ecommerce market was expected to touch Rs 46520 crore turnover marks in 2011. The table-1 shows market size of different verticals of ecommerce industry since 2007 to 2011. The growth in ecommerce business clearly implies the growing number of internet users .The online purchases are limited to certain categories like gaming subscription, food delivery, online classifieds, buying movie tickets, travel related purchases and electronics items etc. The growth in ecommerce industry is primarily driven by online travel industry which has contributed 80 % (Rs 25298 crore) in 2010 and expected to touch 81 % (Rs 37890 Crore) in 2011 of total ecommerce market and is building user confidence. The online travel industry includes sale of domestic air travel, international travel, hotel bookings, railway tickets, bus tickets, tour packages and travel insurance etc.

Table-1: Market Size of E-Commerce in India

Net commerce market size (Figures in crores. Percentage indicate share of overall market size)					
Year	2007	2008	2009	2010	2011 (Projected)
Total Market Size	8146	14030	19688	31598	46520
Online travel Industry	6250 (77 %)	10500 (75 %)	14953 (76 %)	25258 (80 %)	37890 (81 %)
Online Non Travel Industry	1896 (23%)	3530 (25%)	4735 (24%)	6340 (20%)	8630 (19%)
E-tailing	978	1120	1550	2050	2700
Digital downloads or paid content subscription	238	290	435	680	1100
Financial services	1200	1540	2000	2680	NA
Online classifieds	680	920	1210	1610	2150

(Source – IAMAI)

Indian Banks too have been very successful in adapting EC and EDI Technologies to provide customers with real time account status, transfer of funds between current and checking accounts, stop payment facilities. ICICI Bank, Global TRUST BANK AND UTI-Bank also have put their electronic banking over the internet facilities in place for the upcoming e-commerce market.

Certain unique attributes of the E-commerce industry in India such as cash on delivery mode of payment and direct imports that lower costs considerably are probably going to bring about a speedy growth in this industry in years to come.

According to the latest research (The report, titled "Asia Pacific Online Retail Forecast, 2011 To 2016,") by Forrester, a leading global research and advisory firm, the e-commerce market in India is improving between 2012-16. The report revealed that ecommerce revenue in India will increase by more than five times by 2016, jumping from US$1.6 billion in 2012 to US$8.8 billion in 2016 (Table-2). While US$8.8 billion is still less than other countries in Asia Pacific, such as China and Japan, India's CAGR is much higher than any other country that Forrester forecasts in the region.

Table-2: E-Commerce Revenue

Country	Sales in $ Billion	
	2012	2016
India	1.6	8.8
Australia	23.2	35.4
Japan	63.9	97.6
China	169.4	356.1

Source: Forrester

E-commerce in India to explode in 2012, Indian e-shoppers will have a good time getting great deals and services online. A recent pan-India report released by Com Score Inc reveals that online shopping in India has touched a growth rate of 18 per cent and is only likely to grow further. The report found that nearly 60 per cent of citizens in India visited a retail site in

November 2011, with the number of online shoppers increasing by 18 per cent in the past year. E-commerce can become an integral part of sales strategy while it is one of the cheapest medium to reach out the new markets, if implemented successfully, it offer a smart way of expansion & doing e-commerce attribute to the successful implementation to carefully understanding the products & services, customers and the business process, easy-to-use system to extend the business on the web.

A new report by the Boston Consulting Group says online retail in India could be a $84-billion industry by 2016 — more than 10 times its worth in 2010 — and will account for 4.5 per cent of total retail.

The e-commerce platforms maximize its reach to the potential customers and provide them with a convenient, satisfying & secure shopping experience.

6. Barriers of E-Commerce in India

Some of the infrastructural barriers responsible for slow growth of ecommerce in India are as follows. Some of these even present new business opportunities.

A. Payment Collection: When get paid by net banking one has to end up giving a significant share of revenue (4% or more) even with a business of thin margin. Fraudulent charges, charge backs etc. all become merchant's responsibility and hence to be accounted for in the business model.

B. Logistics: You have to deliver the product, safe and secure, in the hands of the right guy in right time frame. Regular post doesn't offer an acceptable service level; couriers have high charges and limited reach. Initially, you might have to take insurance for high value shipped articles increasing the cost.

C. Vendor Management: However advanced system may be, vendor will have to come down and deal in an inefficient system for inventory management. This will slow down drastically. Most of them won't carry any digital data for their products. No nice looking photographs, no digital data sheet, no mechanism to check for daily prices, availability to keep your site updated.

D. Taxation: Octroi, entry tax, VAT and lots of state specific forms which accompany them. This can be confusing at times with lots of exceptions and special rules.

E. Limited internet access among customers and SMEs.

F. Poor telecom and infrastructure for reliable connectivity.

G. Multiple gaps in the current legal and regulatory framework.

H. Multiple issues of trust and lack of payment gateways: privacy of personal and business data connected over the internet not assured; security and confidentiality of data not in place.

7. Conclusion

Several important phenomena are associated with e-commerce. E-Commerce has unleashed yet another revolution, which is changing the way businesses buy and sell products and services. New methodologies have evolved. The role of geographic distances in forming business relationships is reduced. E-Commerce is the future of shopping. With the deployment of 3G and 4G wireless communication technologies, the internet economy will continue to grow robustly. In the next 3 to 5 years, India will have 30 to 70 million internet users which will equal, if not surpass, many of the developed countries. Internet economy will then become more meaningful in India. With the rapid expansion of internet, E-commerce is set to play a very important role in

the 21st century, the new opportunities that will be thrown open, will be accessible to both large corporations and small companies. The role of government is to provide a legal framework for E-Commerce so that while domestic and international trade are allowed to expand their horizons, basic rights such as privacy, intellectual property, prevention of fraud, consumer protection etc are all taken care of.

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