

Growth of ecommerce in India and present scenario

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Abstract

E-commerce has changed the way business is done in India. E-commerce allows people to browse a wider range of goods, look for more specific products and compare prices more easily than traditional stores. The Government of India has taken several initiatives for modernization and improving the e-commerce sector. The Digital India programme aims to offer government services online. Demonetization, reduction in cash transactions, improved net banking facilities and technology enabled innovations like digital payments and e-marketing also helped in faster growth of e-commerce sector. The present paper attempts to study the growth of e-commerce in India and factors responsible for its growth.

Keywords: Demonetization, M-commerce, E-publishing, surfing

1. Introduction

E-commerce is a type of business model that enables a firm or individual to conduct business over an electronic network, primarily an internet. The convenience and easy availability of e-commerce products are two essential elements that draw shoppers and change how people buy goods. Since there are many different e-commerce sites, shoppers can compare prices, features and customer service before purchasing a product. It is also much easier to find specific, specialized and personalized items on e-commerce sites. The social aspect is another advantage of e-commerce. Customers can leave reviews on products, and these reviews stay on the product page until the owner removes them. With this, customers get real reviews from people who actually bought the product, something that is impossible in a traditional store. This helps in creating well-informed consumers.

E-commerce is one of the booming industries in the world. In India, it is growing at a faster rate. More people are opting for online shopping as it saves time and cost. Earlier, Internet-based purchases in India have been primarily travel-related with train tickets and visas being ordered online. But companies selling other goods online such as electronics, clothes, and household items have gained popularity during the past 4-5 years, with consumers becoming comfortable with making purchases over the internet.

India first came into interaction with the online E-Commerce via the IRCTC (Indian Railway Catering and Tourism Corporation). The online system helped to make it convenient for its public to book the train tickets through the IRCTC Online Passenger Reservation System from anywhere at any time. This was a boon to the common man as now they don't have to wait for long in line and save commission given to agents. After the success of the IRCTC, the online ticket booking system was followed by the majority of airlines like Indi go, Indian Airlines, Jet airways, Spice jet, etc. Today, the booking system is not just limited to the transportation rather hotel bookings, car/bus booking, site seeing etc. are being done using the websites like Make my trip and Yatra. Time has changed and today we live in a world where we communicate with each other over mobile phones and use it

for doing our routine work like for keeping in touch, shopping, hiring a cab/car, office work or ordering food etc.

Online shopping gained popularity with discount model of Flipkart. Soon other portals like Amazon, Snap deal, Yebhi, EBay, Jabong, etc. entered Indian market for their businesses. But, even today, travel booking websites hold a majority share of the Indian e-commerce space.

2. Objective of the Study

1. To study the growth of e-commerce industry in India along with the factors responsible for it.
2. To provide an overview of e-publishing.
3. To understand the risks faced by the industry.

3. Research Methodology

The methodology adopted for data collection involves use of secondary data such as articles, journals, books, various websites and reports published by the government. The study is drawn upon the ideas, review of articles and research from secondary sources.

4. Review of Literature

S Kuchhal (2015) ^[2]: benefits for consumers in terms of quality, reduced prices but certain category of products cannot be bought online, not every offering is customized in local language, so not many people can transact independently.

A Kumar (2015) ^[4]: e-commerce sector is going to witness huge growth in coming years and with improvements in linkages and logistics chains, this sector will expand into rural sector of the country.

Rina (2016) ^[5]: future of e-commerce is not easily predictable but there are some essential factors which will contribute to the boom of e-commerce industry in India which includes multiple payment options, m-commerce, location based services, replacement guarantee etc.

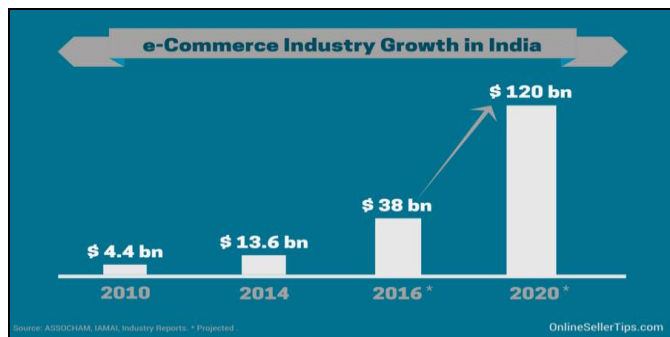
5. Growth of E-Commerce Industry

Although the trend of e-Commerce has been making rounds in India for 15 years, the e-Commerce market in India has enjoyed phenomenal growth of almost 50% in the last five

years only. The Indian ecommerce market offers services in B2B, B2C and C2C segments with most of the players operating in the B2C segment.

According to an ASSOCHAM-Resurgent India study-The number of people who purchase online is expected to cross 100 million by 2017 end. The year 2017 will also see high growth in Indian ecommerce sector with more participation of people in online activities and creating more entrepreneurs through the ecommerce market model.

Online shopping in India is growing fast, aided by the fact that the number of Indians with access to broadband internet and smart phones is increasing by leaps and bounds every year. Companies such as Flip kart, Snap deal, Amazon and lime road have grown rapidly. Today, online shopping in India is huge. According to an estimate, 14% of India’s population buys online on a regular basis. In other words, considering India’s population of 1.25 billion, the number of online shoppers in India is equal to almost half of the US population. According to a study by ASSOCHAM- IAMAI study-the online shopping industry in India is expected to cross the \$100 billion mark by 2020. (Shown in Fig-1)



Source: Assocham, Industry Reports (* projected)

Fig 1: Growth of Ecommerce Industry in India

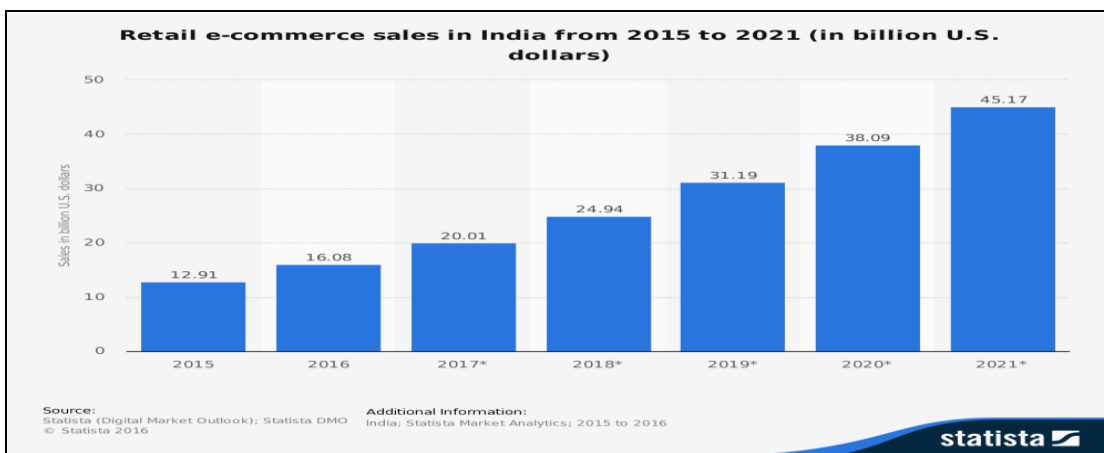
India will be the world’s second largest ecommerce market by 2034 because of massive surges in internet penetration, population growth and growing number of mobile users. (Report, Worldpay- Global payment firm)

Online shopping is increasing its share in the total internet usage in India, improved data connectivity in both urban and rural areas will boost this trend. India is expected to see more online shopping due to 3G/4G networks which is available at

affordable prices. Further, the addition of discounts, coupons, offers, referral systems, 15/30days return guarantee etc to the online shopping have added new flavors to the industry. E-commerce is able to bring fashion closer to consumers in smaller markets. Online stores also give consumers the convenience of accessing a broad selection of brands and styles across all price-range, all at one place and at the click of a button. Online grocery stores are also gaining popularity in India due to absolute convenience, ease of shopping and a fast-growing market. Punexpress.com, Milestore.com, Atadaal.com have already entered the market and are gaining popularity by providing discounted product and free home delivery. There are thousands of players in the online retail industry. The companies that have taken the greatest advantage of the new boom in online shopping in India are Flip kart, Amazon and Snap deal.

The Mobile commerce (m-commerce) in India is growing at a remarkable pace as a secure supplement of ecommerce industry. E commerce is slowly giving way to m commerce as more and more users are accessing the internet and shopping online through smaller devices like tablets, smart phones and notebooks. The growth is mainly due to the high penetration of 3G/4G internet at the cheapest rates and sophisticated electronic devices like Smart phones, Tablets, Laptops. It will further increase with the introduction of Jio 4G, the cheapest internet services in the world. Digital payment initiative by the government has also given boost to online business in India. Other Flagship initiatives such as Digital India, Start-up India, Skill India, etc. are also contributing to the growth of e-Commerce industry. It is helping connect small merchants with customers across India. The long term impact will help in increasing employment, better quality product and services and increase in tax collection. Presently, there are over 400 million internet users in India.

PM Modi’s demonetization initiative has been a boon for India’s e-payment providers. Pay tm reported a three times surge in new users -- tacking on over 14 million new accounts at the end of 2016. There is suddenly a spike in both app downloads & merchant registrations. This spike is now coming from all cities, big and small, small merchants like vegetable vendors, shopkeepers, street vendors, rickshaw drivers, taxi’s etc.



Source: <https://www.statista.com/statistics/289770/india-retail-e-commerce-sales/>

Fig 2

Retail-e commerce sales in India are expected to increase to approximately \$45.17 billion by 2021. The Government of India has been active in leveraging and embracing e-commerce digital platforms. The Government has launched an e-commerce platform to link the farmers with the vegetable markets of various states to sell the agro commodities. The decision of demonetization by the Government of India also helps in growth of ecommerce.

The implementation of GST is also expected to help in enhancing the operational efficiency of the e-commerce industry in the many ways like the transparency and simplification of taxes across the borders in India, elimination of the incidence of double-taxation, and improvement in the efficiency of the supply chain.

According to a study done by Indian Institute of e-commerce, by 2020 India is expected to generate \$100 billion online retail revenue out of which \$35 billion will be through fashion e-commerce.

The Key factors driving the growth of e-commerce in India are as follows:

- Launch of 3G/4G services leading to an ever-increasing number of internet users
- Declining broadband subscription prices
- Growing acceptability of online payments
- Urban India's changing lifestyle
- Convenience of online shopping
- Explosive growth of Smartphone users
- Availability of much wider product range compared to what is available at brick and mortar retailers
- Reduced search and transaction cost
- Increased information transparency

6. E-Publishing

E-commerce covers almost all kinds of goods and services and one of the hottest trends in this regard is the concept of E-Publishing. Electronic or digital publishing is a modern technique of distribution of literary works and information with the help of electronic devices and formats sans papers. The penetration of e-book publishing made a tremendous change in the world of reading. Today, people are very busy and they have no time to visit a showroom and purchase books or journals. With the advent of personal computers and handheld electronic devices such as laptops, tablets and smart phones, people can read anything online with the access of better internet connectivity. Articles, research works and even fictional novels reach the readers through various channels like online bookstores, apps, blogs, online magazines and journals and many more.

The advantage with e publishing is that it does not have to create a customer base in the vast pool of online business. E-publishing is cost effective and it is the most viable option to reach out to a large audience across the world. It has become more prominent among the students, researchers and academicians. Most of the schools and colleges prefer e-books due to low cost and it is easy to maintain. Other reason for the growth of E-publishing is high publishing cost and scarcity of paper. There is a wide variety of E-publishing content ranging from e-book to e-magazines and e-journals. With evolution of so many blogs and online journals, apart from buying and downloading of literary works, reading while surfing has become a trend. Skilled and experienced human resource makes India as the leading publishers in the world

Merging of publishing and Electronic commerce has provided writers and authors with the option of self-publication of their works, avoiding rejections from the conventional publications and the hectic procedure to get it done. Not only this, money involved in E-publishing is much higher as compared to traditional ones. The biggest online merchant in this regard is Amazon. Amazon allows self-publication to new and pro writers with royalty returns as high as 70 percent.

Despite so many merits, E-publication is still way behind than conventional paper publication because most of the people remain largely unaware of literary works launched on the internet. Writers and authors too, are in the fear of plagiarism or theft of their hard work. Therefore publishers have to address important issues regarding piracy and copyright. At present, e-publishing companies such as Amazon, Apple, Microsoft and Sony all use DRM (Digital Rights Management) technology in a bid to protect copyright and fight piracy.

Hence, E-publication can do great with E-commerce, provided technology and interests of people align with each other. The digital publishing industry and e-books are bound to grow in importance in the coming years, especially with diminishing paper stocks, rising production costs and the advancement of technologies.

7. The Risks faced by E commerce industry are as follows:

- Payment issues: COD is one of most popular way of payment for online shopping so non-receipt of payment in case of cash on delivery is a major issue, credit/debit card fraud using stolen information, payment gateway risks like hacking, fear of using credit/debit cards online.
- Online security/Network operations: maximum number of entrepreneurs use unauthorized/pirated software which is very risky and more prone to virus, malware and Trojan attacks, intrusion attacks, identity theft, Fake orders
- Return/refund: return of used products, tempering with products in order to return it
- Delivery logistics: products intentionally misplaced/not delivered, misappropriation/theft of goods from warehouse, delivery of defective products.
- Supply of fake products by the merchants and increasing incidents of payment thefts.
- Internet is boundless with minimum regulation therefore protecting Intellectual property Rights (IPR) is challenging and a growing concern. More clarity of Rules/ laws related to ecommerce sector is the need of the hour.

8. Conclusion

There is a huge scope of e commerce. The current generation completely belongs to e-services. Today, every business and service is going the 'internet' way. Everyone prefers e-services and e-governance which are the most preferred ways to connect to the people around the world From buying groceries to furniture, train tickets, movie tickets to tea, coffee and clothes, e commerce has empowered the consumers. Few years back, e commerce was synonymous with PC and Browser based interaction but now GPRS enabled mobile phones also play an important role in online transactions. The E publishing industry is also growing because of low cost of production, low investments, low inventory storage cost and the opportunity to reach out to larger audience across the

globe. The opportunity for publishers is expanding significantly.

The phenomenal growth of the e-commerce sector is accompanied by certain challenges: Absence of e-commerce laws, Low entry barriers leading to reduced competitive advantages, rapidly changing business models, Shortage of specialized manpower, Customer loyalty.

There are several areas in which India is trying to improve its digital economy, which include more technologically advanced digital payment systems, increased merchant acceptance, improvements in UPI, which allows monetary transfers between any two bank accounts via a smart phone, as well as a reduction in cash-based transactions. E commerce is the future of shopping. With increasing number of internet users, more products will be bought online and internet economy will continue to grow robustly.

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