



Electronic Commerce – the Emerging Trend of India

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E-commerce, internet usage

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ABSTRACT *Change is inevitable and necessary for success and achievements in business as well as life. E-commerce had made fabulous initiation in the modern days supporting the buyers and sellers. The growth of E-commerce has spread over nations and countries are apparent through worldwide trading in the net. Netizens gradually browse or search for information and finally end up in viewing the commercial websites. E-commerce makes an individual to equip and adopt himself to make an easier purchase in a few minutes by a click of the mouse. The world has become closer and narrower bringing the necessities and luxuries bound up in a single package of the World Wide Web. This development acts as a profitable venture to the companies and customers.*

E-commerce has made a tremendous growth in the transformation of traditional to technological shopping creating a huge necessity for updating the knowledge over the globe. This advent has been made possible at a wider range which involves computer networks which connects the countries around the world and synchronizes them in to a global village. The reason for this drastic change happened due to the purchase and sale of goods in the internet which made the people's job easier.

Over the years, internet penetrated deeply becoming a vital part and parcel in the life of an individual. India has 11.4% of the internet users among the Asian countries and holds a predominant position. The report of world statistics states that India stands in the third position after China and the United States having maximum number of net users contributing to 5.7% of internet users of the world. The internet connections boosted due to the broad band connections and facilities like smart phones and tablets furthering the number of internet users.

E-commerce involves click and buy or sell methods through the internet saving time and provides user convenience. Various facilities and options available in the internet had made the offline shoppers to become Online Shoppers providing them utmost satisfaction and happiness. Association of Chamber of Commerce of Industry in India reports that E-commerce market touches \$ 16 billion in 2013 and expected to boom into \$56 billion by 2023 contributing to 6.5% of the retail market.

HISTORY OF E-COMMERCE:

The first path of e-commerce had existed by the transmission of messages during the Berlin airlift 1948. The Electronic Data Interchange was the second stage. The Electronic Data Interchange system was possible both by the buyer and the seller who used the same kind of the software for the transfer of data. E-commerce was initially started in the year 1970 to make the electronic transfer of the funds. Tim Berners Lee proposed the World Wide Web (www) created a text based hypertext system enabling efficient communication among the scientists of different countries in January 1992.

MODELS OF E-COMMERCE

The earlier business started with the traditional barter system which was replaced by cash in the next stage. Due to the up gradation of technology business became much easier and buyers and sellers met together in the virtual world with multiple number of buyers and sellers. The shoppers had wide variety of choices and benefits where they can seek what they need and want with the click and buy option. The common models practiced in E-commerce include Business to Business (B2B), Business to Consumer (B2C), Consumer to Consumer (C2C) and Business to Government (B2G).

INTERNET USAGE IN INDIA

The internet usage in India has a tremendous growth pictured in the reports of various associations. The technological push factor had grabbed the attention of all users besides their age towards the world of massive growth. Inevitability and adoption to this initiation has been the primary factor for the drastic change in the trading of products and the services. Survey conducted by Boston Consulting Group reveals that there were 81 million internet users in India in the year 2009 in analyzing with the BRIC Countries (Brazil, Russia, India, China and Indonesia).

Data from research conducted by McKinsey & Company states that India has approximately 120 million internet users being the third largest country in having more number of internet users which is expected to grow from 330-370 million users in 2015 due to the increased mobile penetration.

Table 1 portrays the penetration rate of internet users from the year 1998 with 0.1% to 11.4% in the year 2012. The probable number of internet users is estimated as 192 million in the year 2014 by IAMAI-ICUBE and IMRB

YEAR	USERS	POPULATION	% PEN
1998	1,400,000	1,094,870,677	0.1 %
1999	2,800,000	1,094,870,677	0.3 %
2000	5,500,000	1,094,870,677	0.5 %
2001	7,000,000	1,094,870,677	0.7 %
2002	16,500,000	1,094,870,677	1.6 %

2003	22,500,000	1,094,870,677	2.1 %
2004	39,200,000	1,094,870,677	3.6 %
2005	50,600,000	1,112,225,812	4.5 %
2006	40,000,000	1,112,225,812	3.6 %
2007	42,000,000	1,129,667,528	3.7 %
2009	81,000,000	1,156,897,766	7.0 %
2010	100,000,000	1,173,108,018	8.5 %
2012	137,000,000	1,205,073,612	11.4 %
2014	192,000,000	(estimated by IAMAI-ICUBE-IMRB Estimates)	

TABLE – 1 INTERNET USAGE IN INDIA

Vivid exploration was made by IMRB, I CUBE, and IAMAI (Internet and Mobile Users Association of India) viewed the penetration of internet among the urban and rural population of India. It reports that India has 149 active million users as on June 2013 of which 108 million belong to urban population and 41 million users belong to the rural population. E-commerce penetration has been made significant with mobile internets using smart phones, featured phones and tablets. Connections of GPRS, 2G, 3G and Wi-Fi facilities have marked up a momentous improvement in the ratio of internet users which are available at the nook and corner of the world.

INTERNET USAGE BY INDIAN STATES:

The internet usage among the different states clearly indicates the growth of the internet users all over the country in the year 2011. Table 2 displays the first five states with their internet usage rate and literacy rates. The percentage of internet users is calculated by considering the population of each state with the number of internet users of the state.

Chandigarh (UT) has majority of 4.19% of internet users when compared to the remaining states of India. The literacy rate of the States and Union Territories does not have greater impact over the number of internet users. Indian E-commerce industry's growth is mainly due to the type of products services provided online starting from low priced products to luxury brands

TABLE -2**INTERNET USAGE BY DIFFERENT STATES**

State	Internet Users	Population	% of User	Literacy rate of persons (%)
Chandigarh (UT)	44191	1,054,686	4.19	86.43
Delhi + NCR(UT)	587935	1,67,53,235	3.51	86.34
Madhya Pradesh	2069546	72,597,565	2.85	70.63
Goa	40997	1,457,723	2.81	87.40
Kerala	486131	33,387,677	1.46	93.91

GROWTH OF E-COMMERCE:

E-commerce has taken the country to heights providing

wider scope for the marketing of products and services. Earlier day's businesses were focused on the company's contribution much towards the 4P's of marketing Product, Price, Promotion and Place and the product cost included those expenses. Nowadays the products are displayed at various shopping sites along with discounts and offers which make the consumers to frequently visit the shopping sites.

The sales through E-commerce have overwhelming performance when compared with the traditional retailing in modern days. The GDP of the country is 1.6% or \$ 30 million and is expected to grow by 3.3% in 2015 as per the report submitted by Mc. Kinsey and company in December 2012. The major revenue for the E-commerce industry is from the travel services and is majorly due to the bookings at IRCTC which has been improved to hotel accommodation and car rentals.

The Indian E-commerce market stands in the third position in the sales growth compared to the world countries as portrayed by the report published by e marketer. The percentage change of growth is expected to be 20% in the year 2017 which also states that majority contribution is due to the digital travel services as stated by e-marketer.

Indians online population grows steadily over 31% every year when compared with the previous years and 39% of the online internet users are female and majority of travel services are availed when compared to other countries.(Source: Comscore .com).The penetration of internet has gradually been noticed among rural population too. The understanding and the unavoidable technological necessity had made the people in the rural areas to concentrate on internet transactions. 1054 rural towns are identified as online shopping areas having active buying and selling patterns. The revenue of the e-commerce industry had been highly contributed by the logistics companies and is expected to grow 70 times to 14,300 crores by 2020 creating employment opportunity for millions of people.

The impact of this medium has been reflected in the increased online retailing segment in India. Necessity of the day has made the common man to search and browse for newer products and facilities that provides him the best options in purchasing the desired product or in obtaining the required service. Undoubtedly the vendors and the customers are benefited at a reasonable cost for the seller and affordable price for the buyers.. The online retail industry has grown at a compounded annual growth rate of 56% showing Rs139 billion revenue in the year 2012-2013 compared with Rs 15 billion in the year 2007-2008 in the research conducted by CRISIL.

Online shopping the buzz word in recent days. There are 77 million unique visitors for the online shopping websites and 14.3 million online shoppers in the year 2012 having 4306 E-commerce hubs (www.ebaycensus.in/census). The huge growth in E-commerce attracted the attention of the investors to make massive investments and as evidence \$305 million was invested in E-commerce in 2011. The internet retail in India shows an increasing trend at + 34% p.a. from 2005 to 2015 (Mc Kinsey & Company, Euro monitor).The FDI has been made in the online retail sector at 51% approval by the cabinet approval in multi brand retailing paving way for online stores like Walmart, Tesco and others.

SWOT ANALYSIS

The remarkable growth of E-commerce can be understood by analyzing the SWOT analysis of E-commerce. The expectation of the buyers eventually increases because the products and services are made available as and when they are needed. The sales of E-commerce have also been boosted up by the users of the social websites who act as opinion leaders in rendering their likes or dislikes in the products and services requested for.

STRENGTHS

Numerous websites with sufficient information, Time saving, Preferable time choice for buying and selling, Preferred product quality and type, Easy payment options, Wide variety of choices and rare brands, Discounts and offers, Timely delivery of the product, Possibility of comparing products or brands.

WEAKNESS

Security issues, No personal communication or relationship built, Problems in network connections, Chances of receiving pilfered goods during delivery, Reliability in quality of websites.

OPPORTUNITIES

Buying or selling worldwide brands, Marketing of used products, Receiving credits in case of repeated purchase, All kinds of products are available in online, Suggestions or complaints can be raised within stipulated time, Increased use of internet supporting devices like smart phones, tablets and mobile service providers

Increased power of purchase in rural areas.

THREATS

Hacking, Phishing, Computer viruses, Spoofing, Confidentiality of information

FUTURE OF E-COMMERCE:

The environmental situations knowingly or unknowingly had forced and created a necessity of learning technology through some means or other. This technological confront should be properly dealt with the people involved in E-commerce enabling and enjoying benefits of the business in a smoother and flawless way. Boom is noticed in E-commerce industry every year enabling lot of companies to make their investments in this field rather than to rely on huge expenses on advertising and sales promotion. The fast penetrating global internet market will further probe positively having increased number of users every day.

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