



## Evaluation of E-Commerce in Context of Indian Market

### KEYWORDS

e-tailing, internet, e-marketing, globalisation

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**ABSTRACT** *E-Commerce has been the promising trade strategy in the age of globalization. Since 1991, after economic reforms rapidly took place in India as a result of bang of the economy with a view to clean itself with the world economy, the need to facilitate international trade both through policy and procedure reforms has become the foundation stone of India's trade policies. With advancements in technology, there have been reforms in the methodology for trade business. India, being a fast observer of technology is a pace has taken to e-commerce. This paper tries to present a picture of the evolution of e-commerce business indicating the sequential order, category of e-commerce trade, description of organizations involved in e-trade in India, to evaluate the gain obtained from e-business, to evaluate the barriers and constraints involved in e-commerce businesses in India*

### Introduction:

In its simplest mean e-commerce is the buying and selling of products and services by Industries and customer by the Internet sales are increasing rapidly as Customer takes advantage of cheaper prices offer by wholesalers retailing their products. Since last few decades the attractiveness of e-commerce industry is enormously increased due to fast and easy way of exchanging goods and services both regionally and globally. Now present time it has become the fundamental main lane of the world. Present time, e-commerce has developing into a big industry. The total value of E-commerce activities within India has grow with Rs 5.7 billion during year 2004-05, according to a research run by Internet & Online Association of India (IOAI). Currently, more than 30.2% of the world has access to the internet and hence, e-commerce. India will be a roaring ground for e-commerce business models the country reported 12% growth in e-commerce retail business year in 2010-2011. This tendency is situate to strengthen as web sites address consumer security and privacy issues. E-commerce is one of the chief factors in the globalization of business industry. Other factors include decreases in business barriers, globalization of capital markets. Indian e-commerce has develop at a compounded annual growth rate of 30% since financial year 2008-2009, and is expected to be \$18 billion (approx Rs 1,116,00 cr) opportunity by financial year 2014-2015. As a symbol of globalization, e-commerce represents the cutting edge of success in this digital age and it has changed and is still changing the way business is conducted around the world. The boom of the Internet has driven electronic commerce to become one of the most effective channels for inter-organizational trade reasons.

### Meaning of E-Commerce:

"E-Commerce can also be defined as a new way of conducting managing and executing business transactions using computer and telecommunication networks." E-commerce just means taking things that your company is already doing in person, through the mail, or over the telephone, and doing those things in a new place on the Internet. It also refers to all forms of business activities

conducted across the Internet. This can be e-tailing, on-line advertising, and simply online presences of any form that are used for some type of communication (e.g. customer service). Currently, more than 30.2% of the world has an access to the internet. The role of government should be to provide a legal outline for e-commerce so that while national and international business are allowed to expand their horizons, basic rights such as privacy, logical property, prevention of con, customer protection etc are all taken care of.

### Literature review:

India has an internet user base of about 137 million as of June 2012. The access of e business is low as compared to markets like the United States and the United Kingdom but is growing at a much faster rate with a large number of new entrants. Cash on delivery is a unique thing to India and is a preferred payment method. India has a vibrant cash economy as a result of which around 80% of Indian e-business tends to be COD. E-business in India is still in growing stage but it offers extensive platform in developing countries like India. Highly intense urban areas with very high literacy rates, huge rural population with fast increasing literacy rate, a rapidly growing internet user base, technology advancement and adoption and such other factors make India a dream destination for e-business players. Moreover, squat cost of personal computers, an emergent installed base for Internet use and a progressively more competitive Internet Service Provider (ISP) market has added fuel to the fire in augmenting e-commerce growth in Asia's second most populous nation. India's e business industry is on the growth curve and experiencing a surge in growth. The Online Travel Industry is the major segment in e business and is flourishing largely due to the Internet-savvy urban population. The online travel industry has some private companies such as Makemytrip, as well as a strong government presence in terms of IRCTC, which is a successful Indian Railways initiative. The current estimate of US\$ 6.79 billion for year 2010 is way ahead of the market size in the year 2007 at \$1.75 billion. The e-commerce market in India was largely dominated by the online travel industry with 80% market share while E-Tailing held second place with 6.48% market share. According to the In-

dian Ecommerce Report released by Internet and Mobile Association of India (IAMAI) and IMRB International, " The total online transactions in India was Rs. 7080 cr ( \$1.75 billion) in the year 2006-7 and it was grown by 30% to touch Rs. 9210 cr (\$2.15 billion) by the year 2007-8. India's e-commerce market was worth about \$2.5 billion in 2009, it went up to \$6.3 billion in 2011 and to \$14 billion in 2012. About 75% of this is travel related Online Retailing comprises about 12.5% (\$300 Million as of 2009). India has close to 10 million online shoppers and is growing at an estimated 30% CAGR vis-à-vis a global growth rate of 8-10%. Electronics and Apparel are the biggest categories in terms of sales. As per "India Goes Digital", a report by Avenues Capital, a leading Indian Investment Bank specializing in digital media and technology sector, the Indian ecommerce market was estimated at Rs 28,500 Crore (\$6.3 billion) for the year 2011. Online travel constitutes a sizable portion (87%) of this market today .Overall e-commerce market is expected to reach Rs 1,07,800 cr (US\$ 24 billion) by the year 2015 with both online travel and e-tailing contributing equally.

**Objective of the study:**

- To explain the concept of E-commerce.
- To study the current and future position of E-commerce in India.
- To identifying limitation of E-commerce
- To study the merits of E-commerce

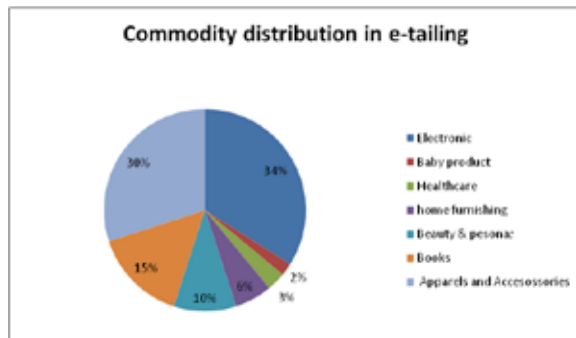
**Research Methodology:**

Research and experimental development is work undertaken systematically to increase the stock of knowledge. This research paper is carried out with the help of only secondary data. The major tools for the collection of the information has been available collected primarily from journals, IAMAI reports, articles, online database, websites or newspaper etc.

**Discussions and Analysis:**

Over the last two decades, rising internet and mobile phone penetration has changed the way we communicate and do business. E-commerce is relatively a novel concept. It is, at present, heavily leaning on the internet and mobile phone revolution to fundamentally alter the way businesses reach their customers. The industry in India is, still at its infancy. This growth is expected to be led by increased consumer-led purchases in durables and electronics, apparels and accessories, besides traditional products such as books.

**Chart1 – commodity distribution in e-tailing in India**

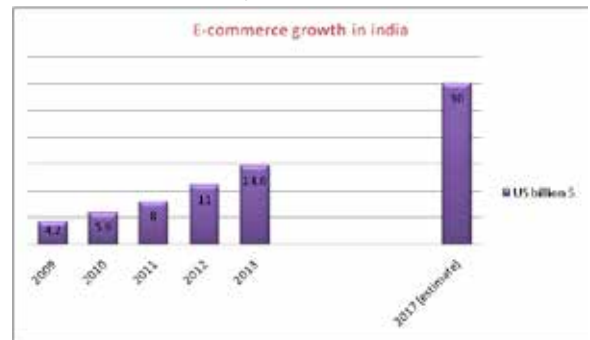


Source:- Crsil, IAMAI, PwC analysis and Industry experts

Above Charts show that the distribution of commodities in Indian market in the context of e-business sector. In-

dian customer highly attractive electronics and apparels and Accessories 34 and 30 % respectively, and chart also show that health care and baby products are not much attractive as other commodity. . However over the past few years, the sector has grown by almost 35% CAGR from 3.8 billion USD in 2009 to an estimated 12.6 billion USD in 2013. Industry studies by IAMAI I indicate that online travel dominates the e-commerce industry with an estimated 70% of the market share. However, e-retail in both its forms; online retail and market place, has become the fastest-growing segment, increasing its share from 10% in 2009 to an estimated 18% in 2013. Calculations based on industry benchmarks estimate that the number of parcel check-outs in e-commerce portals exceeded 100 million in 2013. However, this share represents a miniscule proportion (less than 1%) of India's total retail market, but is poised for continued growth in the coming years. If this robust growth continues over the next few years, the size of the e-retail industry is poised to be 10 to 20 billion USD by 2017-2020. The following chart show that the growth rate of e commerce in India in last few years and expected business after few years,

**Chart 2- E- commerce growth in India**



Source:- Crsil, IAMAI, PwC analysis and Industry experts

**Advantages of E- commerce**

- ❖ Lower cost and high margin of profit
- ❖ Quick Comparison shopping.
- ❖ Better customer services.
- ❖ Global trade
- ❖ Virtual business
- ❖ Round the clock availability

**Limitations of E – Commerce**

- ❖ Security problem.
- ❖ System and data integrity.
- ❖ Internet penetration is low.
- ❖ Customer relation problems.
- ❖ Proximity of traditional dealers

**Conclusion:**

The e-commerce market area in India has risen by 34 percent in the last seven years, with nearly USD 600 million in 2011-12 and is expected to reach each USD 9 billion by 2016 and USD 70 billion by 2020. The Indian e-commerce industry is May to grow at a CAGR of over 57 percent between 2012 and 2016, which is the best ever within Asia-Pacific section. The main factors that are reason of this growth are the growth of Internet usage (growing at 20 percent) & 3G presence, and rapidly growth in Smartphone users with availability of Internet on mobile phones. It is expected that presently there are 27 million mobile Internet users in India out of which 4 percent are buying products on mobile. These profit are cost efficiency, quick similarity shopping, better customer service, higher trade margins consequential form economy in industry opera-

tions, information reduction and knowledge market development etc. At present there are several uncertain blocks in the growth of e-commerce such as computer initial investment, hi-tech issues, computer ill-literacy, legal hassles, and unfavourable mindset of customers, seclusion and security phobia. However, these barriers to e-commerce shall be taken care of in due course and hence e-commerce has bright forecast in India. We need to modernize ourselves to greet e-commerce and reap its benefits.

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