

Escalating Development of E-Commerce in India



Commerce

KEYWORDS : E-Commerce, Market

Manav Aggarwal

Assistant Professor in Commerce, D.A.V College, Jalandhar City, Punjab.

ABSTRACT

India is the seventh largest by geographical area, the second most populated country in the world and third largest reservoir of technical human resource with fastest growing free market economy. Indian government accepted free market policies in 1991, and globalization has increased trade and investments in Indian market. E-commerce in recent times has been growing rapidly across the world. E-commerce means sale or purchase of goods and services through internet or other electronic source. The trend of e-commerce is escalating rapidly now. So, the need of the hour is to understand the escalating development of e-commerce especially in Indian context.

Introduction

E-commerce means sale or purchase of goods and services conducted over computers and mobile phones with the connection of internet network or through TV channels by various modes specifically designed for the e-commerce. Even though goods and services are ordered electronically, payments or delivery of goods and services need not be conducted online. E-commerce transaction can be between businesses, households, individuals, governments and public or private organizations. There are numerous types of e-commerce transactions that occur online or various other modes which support e-commerce transactions. Mostly, e-commerce transactions ranging are from sale of mobile sets, clothes, shoes, books, tablets, PC's, household products, booking of hotels, airline tickets and many more.

E-commerce in recent times has been growing rapidly across the world. According to Report of Digital-Commerce, IAMAI-IMRB (2013), e-commerce industry in India has witnessed a growth of US\$ 3.8 billion in the year 2009 to US\$ 9.5 billion in 2012, showing year to year growth of 34%. Industry sources indicate that this growth can be continuous over a longer period of time as e-commerce will persist to reach new geographies and encompass new markets. According to the latest research by Forrester, a leading global research and advisory firm, the e-commerce market in India is set to grow the fastest within the Asia-Pacific Region at a CAGR of over 57% during 2012-16.

The E-commerce Industry in India has come a long way since its early days. The transition to online purchasing from traditional purchasing has taken a long time in the Indian market. E-commerce includes not only buying and selling goods over Internet, but also various business processes within individual organizations that support the goal. Now, the market is globalised and new players have occupied the market space. The growth in e-commerce increases rapidly when foreign companies enter into the e-commerce business.

In the present dynamic scenario, e-commerce market provides mostly all types of goods and services to their customers at their home which gives the immense assistance to the customers. Now, there are many new companies who separately or jointly open their business houses, exclusive for e-commerce business like Homeshop-18, Star Cjalive, PlanetM, Flipkart, Snapdeal, Jabong, Naaptol and many more.

Escalating Development of E-Commerce

India is the seventh largest by geographical area, the second most crowded country in the world and third largest reservoir of technical human resource with fastest growing free market economy. Indian government has accepted free market policies in 1991, and globalization has increased trade and investments in Indian market. Indian E-commerce percentage is getting higher as more and more online retailers enter the market. The growth of Indian e-commerce sector is US\$1.8 billion in 2012

and expected to reach US\$ 8.8 billion by 2016 as per Forrester Research's projections for Asia-Pacific region. Future of India's capital E-commerce market will be shown in following figure:

Table No.1 E-Commerce Market in India

Online Details	December, 2012	December, 2016	*CAGR
Internet Users	140 millions	390 millions	29%
Convert to Shoppers	9%	12%	NA
Online Shoppers	13 millions	47 millions	38%
Online Shopping	\$809 millions	\$3.62 billion	65%

*CAGR- Compound Annual Growth Rate

Source: The Economics Times (Dated. 10/04/2013)

Global e-commerce is expanding rapidly and several trillion dollars are being exchanged annually over the web. The global online population is also increasing substantially and by 2013, Forrester Research predicts that there will be 2.2 billion Internet users worldwide and Asia will be the biggest global growth engine. In many developing e-commerce economies, the physical retail market is also relative undeveloped, particularly outside the major cities. Among the major economies, especially in case of India, less than 10% of the country's retail market is classified as organised.

Today e-commerce has become an integral part of our daily life. People use internet for various purposes which includes email, academic, financial information search, music and video on internet, chatting, online job search, gaming, booking railway/airline tickets, hotel reservation online news, internet telephony, video chat and online banking and one part is added to this e-commerce. Now, people also spend their large amount of time on e-shopping through internet services. Because e-commerce has touched, the every field of human life from information searches to entertainment, job search to matrimonial sites.

India is developing rapidly and if development is to be measured, how can we ignore the role of e-commerce 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. 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.

A report by the Internet and Mobile Association of India has exposed that India's e-commerce market is mounting at an average rate of 70 percent annually and has grown over 500 percent since 2007. The current estimate is much higher than compared to previous years because there is extreme expansion recorded in the e-commerce market in recent year. The following chart depicts the growth of E-commerce in India in the last couple of years.

Table No.2 Showing Growth of E-Commerce in India

Year	Transaction (in million\$)
2007-08	1750
2008-09	3015
2009-10	4230
2010-11	6790
2011-12	10000

Source: Internet and Mobile Association of 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 should be 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.

Suggestion

There is a need for guiding frameworks, best practices, perspectives and theories that can help companies and governments better leverage the potential of global e-commerce. This paper is an attempt to broaden our understanding of relating web localization, role of culture in e-commerce, global online privacy and security concerns and global development and diffusion of e-commerce. The potential of E-commerce is no more a matter of debate and India realizes the importance of e-commerce. This is an emerging practice of businesses in today's world. The steps taken by RBI to improve E-Commerce transactions and the data of online user and usage showed that India is adopting the E-Commerce but it is not everywhere and not pervasive due to inability to leverage mobile and electronic commerce advances. So, government take some necessary steps to improve this.

Conclusion

The growth of e-commerce is enlarging at its rapid speed in the coming years. It will be very difficult for us to predict the future estimate of e-commerce market. The entrance of new marketers, new products and new modes of e-commerce, increases the growth of market very fast. It is the need of hour to study the coming trends of e-commerce market for marketers and researchers because it will have its own pros and cons in the near future. So, this paper is the small contribution by the author towards the research of new possibilities in the e-commerce market.

REFERENCE

- Chanana, N., & Goele, S. (2012). Future of E-Commerce in India. *International Journal of Computing & Business Research*. | | Deshmukh, S. P., Deshmukh, P., & Thampi, G. T. (2013). Transformation from E-commerce to M-commerce in Indian Context. *IJCSI International Journal of Computer Science Issues*, Vol.10, No.2, pp.55-60. | | Gangeshwer, D. K. (2013). E-Commerce or Internet Marketing: A Business Review from Indian Context. *International Journal of u- and e- Service, Science and Technology*, Vol.6, No.6, pp.187-194. | | Hariharaputhiran, S. (2013). Challenges & Opportunities of E-Commerce. *International Journal of Marketing, Financial Services & Management Research*, Vol.1, No.3, pp. 98-108. | | Malhotra, B. (2014). E-Business: Issues & Challenges in Indian Perspective. *Global Journal of Business Management and Information Technology*, Vol.4, No.1, pp. 11-16. | | Mitra, A. (2013). E-Commerce in India- A Review. *International Journal of Marketing, Financial Services & Management Research*, Vol.2, No.2, pp.126-132. | | Ray, S. (2011). Emerging Trend of E-Commerce in India: Some Crucial Issues, Prospects and Challenges. *Computer Engineering and Intelligent Systems*, Vol. 2, No.5, pp. 17-35. | | Singh, N., Alhorr, H. S., & Bartikowski, B. P. (2010). Global E-Commerce: A Portal Bridging the World Markets. *Journal of Electronic Commerce Research*, Vol.11, No.1, pp. 1-5. | | (2013). The Rise and Rise of E-Commerce in India. *India Brand Equity Foundation*. | | Vyas, S. D. (n.d.). E-banking and E-commerce in India and USA. Retrieved October 2, 2014, from <http://arxiv.org/ftp/arxiv/papers/1207/1207.2741.pdf> |