

E-COMMERCE IN INDIA: CURRENT SCENARIO AND FUTURE PROSPECTS

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ABSTRACT

The present study has been undertaken to describe the present and future prospects of Indian E-Commerce industry. The study examined the current trends, benefits, growth drivers, challenges and future prospects of E-Commerce in India to achieve the objectives and revealed that the E-commerce in India has become a vital part of everyday life and now-a-days it's not a privilege but a necessary for the society as it becomes one of the most preferred means of shopping. The e-commerce landscape is constantly increasing in terms of number of internet users and expected to reach 500 million by June 2018, moreover, the retail e-commerce CAGR is projected to reach 23 per cent from 2016 to 2021. This rapid growth rate promises a great future for the Indian e-commerce industry signifying a strong market and increased consumer demand. Further, the study revealed that in spite of the opportunities, it provided to the wholesalers, retailers, producers and the people; Indian e-commerce industry faces many challenges. The e-infrastructure issues, tax related issues, preference of cash on delivery, poor knowledge and awareness of consumers, etc. are becoming the key challenges for the Indian e-commerce companies. E-commerce in India should take these challenges as an opportunity to overcome the various bottlenecks in the way of e-commerce. In nutshell, it can be said that there is no contradicting the fact that e-commerce has re-entered India and is here to stay.

KEYWORDS: *E-commerce, Internet Users, E-merchandise, E-finance, Online Shopping.*

Introduction

E-commerce can be defined as an industry born out of internet revolution. Electronic Commerce is more than just buying and selling products online. It also includes the entire online process of developing, marketing, selling, delivering, servicing and paying for products and services. India has shown tremendous growth in the E-commerce segment. E-commerce is definitely one of the business options that one will have to explore in the future. Ecommerce is said to bring about paradigm shift in the world for trading E-commerce is a part of information and communication technology in the field of economy with the automation in technology, a rapid change in the methodology for business transactions. From a buzzword to a current-day reality, e-commerce in India has been experiencing remarkable growth, successfully changing the way people transact. E-commerce means trading in goods and services or the transmitting of funds or data through the electronic system like internet. E-commerce consists two main parts: one is, e- merchandise and another one is, e-finance.

- E-merchandise refers to selling goods and services through online and
- E-finance includes banking, debit card, credit card, telephone & internet banking etc.

E-commerce provides so many benefits to consumers in the form of wider area of choice, easiness and convenience, availability of goods at lower cost, and save time & money.

Benefits of E-Commerce

With increasing demand for online shopping, more and more businesses are moving towards e-commerce. E-commerce becomes one of the most preferred ways of shopping. E-commerce involves understanding the limitations and minimizing the negative impact while at the same time maximizing the benefits-commerce businesses usually employ some or all of the following practices:

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- Provide detail of virtual storefront on websites with online catalogs, sometimes gathered into a "virtual mall"
- Use business-to-business buying and selling.
- Provide secure business transactions.
- Engage in retail for launching new products and services

Review of Literature

Raghuath, Alka and Panga, Murlidhar (2013) studied previous researches on e-commerce of WTO and developing countries and found that e-commerce offer different opportunities like e-business, e-commerce education integration, e-commerce for WTO and developing countries. The study further showed that 8 to 10 per cent of total retail segment in India expected to grow through e-commerce.

Nanehkharan, Yaser Ahangari (2013) reviewed the principles, definition, framework, steps, advantages and limitations of e-commerce. The study found that through the telecommunication networks, e-commerce facilitate customers, supply of goods and services, manage business transactions and maintained the relationship between customer, supplier and vendor.

Sarode, Rajendr Madhukar (2015) described the present status & growth opportunities in the field of e-commerce in India and found that e-commerce is the future of shopping and around 19 per cent people using internet for buying and selling of goods and services in India.

Shahriari, Shahrzed et.al (2015) discussed the benefits and the impact of e-commerce on Indian market and found that business conduct online transaction with the help of e-commerce. In the recent years, many techniques are developed and expected to grow more in the near future.

Das, Dr, Kishore Kumar and Ara, Affreen (2015) deliberated on the growth and challenges of e-commerce in India. The study found that so many opportunities in the field of e-commerce and having the potential for investment in the Indian market. The study further showed the B2C sales in India from year 2012 to 2016.

Josephine, Nava Macali (2016) studied the uses and benefits of E-commerce by taking the views of 49 respondents who were using e-commerce in their business transactions. The study found that respondents were having very high knowledgeable and positive attitude toward e-commerce. Moreover, study revealed no significant relationship between respondents' knowledge and age on the use of E-commerce.

Objectives of the Study

- To analyze the present trends and opportunities of e-commerce in India.
- To examine the barriers and find out the growth drivers of e-commerce in India

Research Methodology

The research design of the present study is descriptive in nature as the researcher is required to describe the current scenario of E-commerce in India as well as the opportunities and challenges in the concerned area. Secondary data is used to achieve the objectives of the study and the required data is collected from the various authentic sources as articles, research paper, dissertations, website etc.

Analysis

• Current Scenario of E-Commerce in India

Indian E-commerce is at an all-time boom and is growing exponentially each year. The larger disposable incomes and the convenience provided by online shopping are the two main factors working for E-commerce in India. There is no denying the fact that e-commerce has re-entered India and is here to stay. Even the small and medium retailers of the country want to ride the wave and are ready to make a fortune out of the market place concept.

• Growth in E-Retail is Directly Related to Growth in Internet Users

There were 354 million internet users in India in 2015 and that number is set to grow to 500 million by the end of 2018. India is a massive E-Commerce marketplace now with every age group comfortably transacting online – more often preferring shopping online instead of visiting offline stores for a bigger gamut of choices and offers. The West shops online 10X more than India, but then India has the world's 2nd largest number of smart phones and growing. E-Commerce industry is growing at an astounding rate in India and is expected to account for 1.61% of the global GDP by 2018. The Asia-

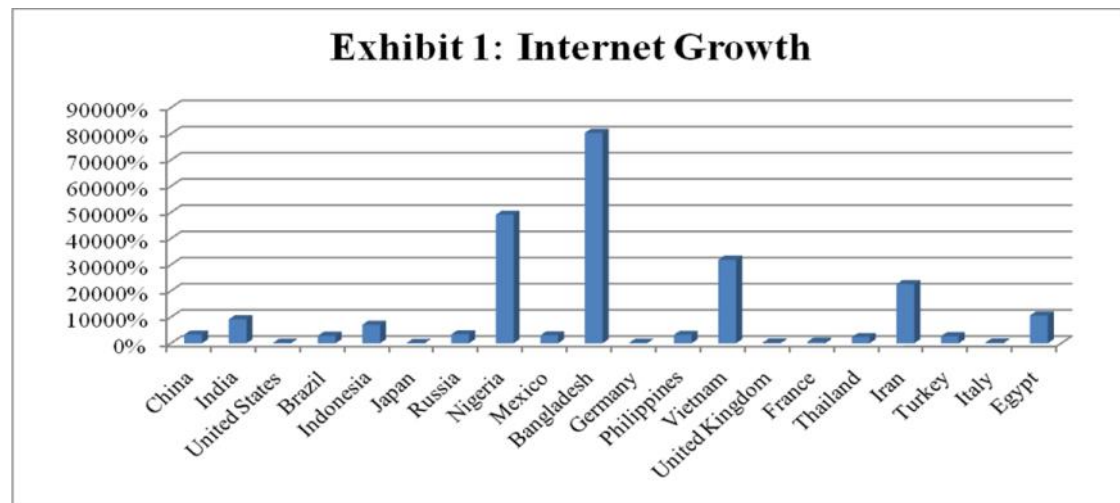
Pacific region is currently the largest E-Commerce market in the world, surpassing Europe. While China continues to lead the race, the Indian E-Commerce Industry isn't far behind. According to a report by Forrester, India is set to become the fastest growing market in the Asia-Pacific region with an expected growth rate of over 57% during 2012-16.

Trends: Global and Indian

Table 1: Global Growth and Trends of E-Commerce

Sr. No.	Country or Region	Internet Users	Internet Users	Internet
		2017	2000	Growth
1	China	772,000,000	22,500,000	3331%
2	India	462,124,989	5,000,000	9142%
3	United States	312,322,257	95,354,000	227%
4	Brazil	149,057,635	5,000,000	2881%
5	Indonesia	143,260,000	2,000,000	7063%
6	Japan	118,626,672	47,080,000	152%
7	Russia	109,552,842	3,100,000	3434%
8	Nigeria	98,391,456	200,000	49095%
9	Mexico	85,000,000	2,712,400	3033%
10	Bangladesh	80,483,000	100,000	80383%
11	Germany	79,127,551	24,000,000	229%
12	Philippines	67,000,000	2,000,000	3250%
13	Vietnam	64,000,000	200,000	31900%
14	United Kingdom	63,061,419	15,400,000	309%
15	France	60,421,689	8,500,000	610%
16	Thailand	57,000,000	2,300,000	2378%
17	Iran	56,700,000	250,000	22580%
18	Turkey	56,000,000	2,000,000	2700%
19	Italy	54,798,299	13,200,000	315%
20	Egypt	48,211,493	450,000	10613%
TOP 20 Countries		2,937,139,302	251,346,400	1068%
Rest of the World		1,219,792,838	109,639,092	1012%
Total World		4,156,932,140	360,985,492	1051%

The table 1 exhibits the data related to the number of internet user and growth of internet user globally from 2000 to 2017. In the year 2000 no. of internet user were approximate 5000000 and in 2017, numbers in increased up-to 462,124,989. The growth rate during 2000 to 2017 is 9142 per cent. India becomes the 2nd highest no. of internet user after China in the top 20 countries. In the year 2000 number of internet users in the world was around 3,60,985,492 and 4,156,932,140 in the year 2017. The growth rate of internet user from 2000 to 2017 is 1051 per cent in the total world. Exhibit 1 is also showing the globally growth rate of internet users for the period 2000-17.



Rural and Urban Internet User in India

The number of internet users in India will reach 500 million by June 2018, a report by IAMAI and Kantar IMRB says. At the end of December 2017, India had 481 million users, growing 11.34% from 2016.

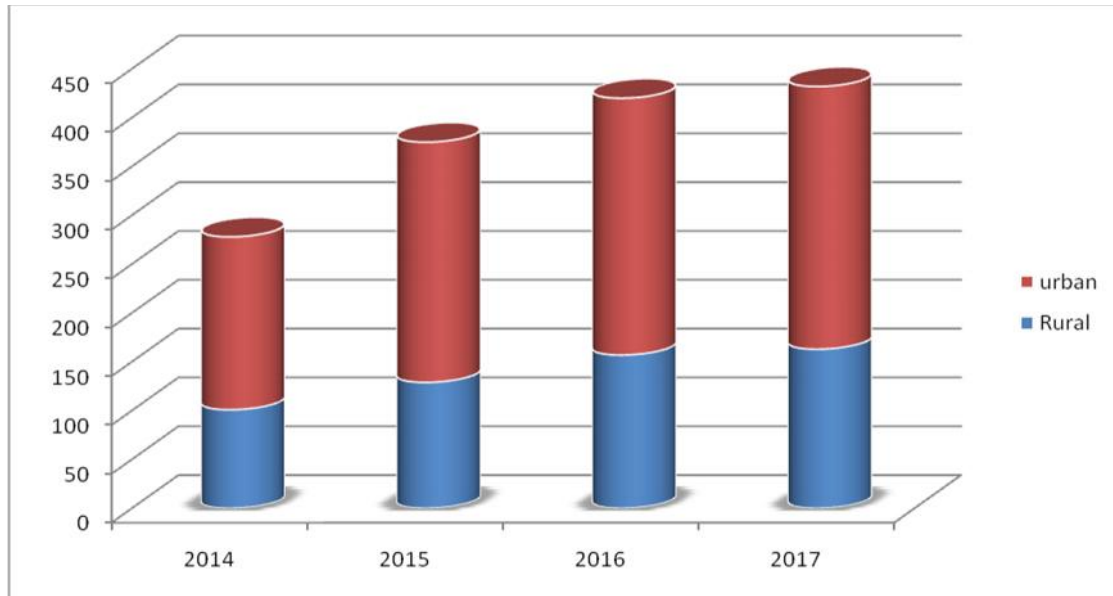
Table 2: Growth Rate of Internet user in Rural and Urban India

Year	Rural		Urban	
	Numbers (Millions)	%	Numbers (Millions)	%
2014	101	-	177	-
2015	129	27.72	246	38.99
2016	157	21.71	263	6.91
2017	163	3.82	269	2.29
2018	500*			

*IAMAI estimates.

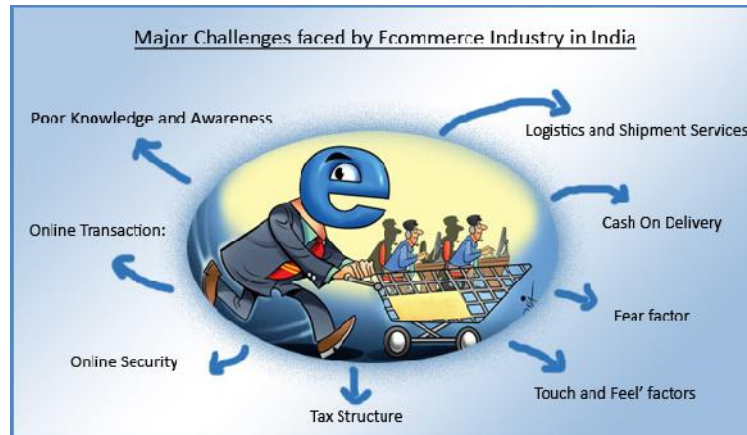
Table 2 is showing the growth rate of internet users in rural and urban India for the period 2014 to 2018. As per the table there are 101 million rural users, on the other hand the number of urban internet users 177 million. The table witnessed a growth of 27.72 per cent of internet users whereas urban growth rate was noticed as 38.99 per cent over the previous year. Further, the growth rate of the rural of the internet user for the year 2016 experienced the slight down fall but major down fall and noticed as 6.91per cent. Further the table showed that a significant decrease is noticed as 3.82 and 2.29 per cent respectively for the rural and urban user. Then the table is showing the estimates of 500 million internet users by 2018, as per the estimates of IAMAI and kantar-IMRB. Exhibit 1 is also supporting the findings of the table 1 and showing the growth of E-Commerce in India on the residential parameter.

Exhibit 2: Rural and Urban Internet users in India



Opportunities and Challenges of E-Commerce Industry in India

In the upcoming years, e-commerce is expected to boom in the Asian region. The number of digital buyers in Asia Pacific is projected to pass the one billion mark for the first time in 2018, which will account for 60 percent of all internet users in the region. In line with the regional growth, India, a fast-growing emerging Asian market, shows optimistic projections for the e-commerce industry. Current active e-commerce penetration in India stands only 28 percent, with lots of room for improvement - India's retail e-commerce CAGR is projected to reach 23 percent from 2016 to 2021. E-Commerce, in spite of the opportunities it presents also has poses certain challenges which are sometimes too much to handle for start-ups:



- **E-Infrastructural Issues:** Internet is the backbone of e-commerce. Unfortunately, in India internet penetration is so far dismally low at 0.5 per cent of the population, penetration of personal computer (PC) as low as 3.5 per thousand of population and penetration of telephone only 2.1 per cent of population, e-commerce remains far away from the common man.
- **Logistics & Supply Chain:** Logistics failure in any area can mean detrimental damage to a startup's future and can hurt the brand overall. Add to this the need for a guaranteed return policy. Getting this right is a challenge.
- **Touch and Feel:** Indian customers are more comfortable in buying products physically. Companies dealing with products like apparel, handicrafts, jewelry have to face challenges to sell their products as the buyers want to see and touch before they buy these stuffs.
- **Prefer cash on Delivery:** especially in India, people highly prefer Cash on Delivery (CoD) rather credit and debit card or net banking and cash on delivery transaction is very risky for some business.
- **Poor knowledge and Awareness:** Especially in rural areas, knowledge and awareness of e-commerce is relatively very low. They have they ideas about how to purchase the goods through internet or online?
- **Low Internet Penetration:** India has an internet penetration about 20 per cent in rural areas which is very low in comparison to other counties like US and UK. It's a big challenge for e commerce industry.

Future of e-Commerce in India

- India, a country of more than 1.2 billion people, with innumerable challenges, is also an emerging economy which offers billions of opportunities. The potential of growth in e-commerce in India has caught the attention of several regional players like Flipkart, Snapdeal and also of global giants like Amazon, Alibaba. From being worth just about \$3.9 billion in 2009, online retail is worth \$38 billion in 2016 and it is expected to generate about \$100 billion in revenue by 2020. So, what are the challenges to sell online in this complex market?
- As far as the world's technological landscape is concerned, 2017 has been an incredible year. E-commerce has seen shape shifting advancements in payments technology, computing and mobility. Now, as once seemingly distant science fiction terms like Artificial Intelligence and Virtual Reality take the podium, we have a lot to look forward to.
- More so because, a recent report by Morgan Stanley projected that by the year 2020, India will have almost 320 million online shoppers. That's 6.4 times more than the estimated 50 million shoppers we had back in 2015. E-commerce is the clearly future of retail and as an entrepreneur I am extremely excited. It would have been unfair for me to keep my enthusiasm behind a veil so, I'm going to play the oracle and make a few predictions for 2018.
- The most trending items in e-commerce verticals are lifestyle products, although we witness a niche being created ever so often. E-commerce has arrived in India and is here to stay.

Conclusion

Today e-commerce has become an integral part of everyday life. The expansion of e-commerce has been developed in rural as well as urban area in reign able cost for consumption, because of that more people are getting linked with e-commerce & the ratio of that is getting increase day by day. The future of e-commerce e in India would be bright in the upcoming years.

The study examined the current trends, benefits, growth drivers, challenges and future prospects of E-Commerce in India to achieve the objectives and revealed that the E-commerce in India has become a vital part of everyday life and now-a-days it's not a privilege but a necessary for the society as it becomes one of the most preferred means of shopping. The e-commerce landscape is constantly increasing in terms of number of internet users and expected to reach 500 million by June 2018, moreover, the retail e-commerce CAGR is projected to reach 23 percent from 2016 to 2021. This rapid growth rate promises a great future for the Indian e-commerce industry signifying a strong market and increased consumer demand. Further, the study revealed that in-spite of the opportunities, it provided to the wholesalers, retailers, producers and the people; Indian e-commerce industry faces many challenges. The e-infrastructural issues, tax related issues, preference of cash on delivery, poor knowledge and awareness of consumers, etc. are becoming the key challenges for the Indian e-commerce companies. E-commerce in India should take these challenges as an opportunity to overcome the various bottlenecks in the way of e-commerce. In nutshell, it can be said that there is no contradicting the fact that e-commerce has re-entered India and is here to stay.

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