A STUDY ON IMPACT OF E-COMMERCE ON INDIA'S COMMERCE

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ABSTRACT

E-commerce provides multiple benefits to the consumers in form of availability of goods at lower cost, wider choice and saves time. The general category of ecommerce can be broken down into two parts: E-Merchandise & E-finance. E-commerce stands for electronic commerce. E-commerce is doing business online and electronically. The E-commerce has completely revolutionized the conventional concept of business. E- commerce deals with selling and purchasing of goods and services through internet and computer networks. This paper attempts to highlight the different challenges faced by the E-commerce in India, understand the essential growth factors required for E-commerce, describes the prosperity of E-Commerce in India and retail E-Commerce sales in India. The study found that, in the world of E-commerce, the existence of the wholesalers is at the greatest risk because the producer can easily ignore them and sell their products to the retailers and the consumers. Wholesalers can take the advantage of E-commerce in establishing contracts with reputed producers and linking their business with the online. The study also found that, E-commerce provides the various types of opportunities to the wholesalers, retailers, producers and the People.

Keywords*: E-commerce, Challenges, On Line Shopping, Evolution*

INTRODUCTION

E-Commerce stands for electronic commerce. Dealing in goods and services through the electronic media and internet is called as E-commerce. E-Commerce or E-business involves carrying on a business with the help of the internet and by using the information technology like Electronic Data Interchange (EDI). E-Commerce relates to the website of the vendor, who sells products or services directly to the customer from the portal using a digital shopping cart or digital shopping basket system and allows payment through credit card, debit card or electronic fund transfer payments. E-Commerce is the movement of business onto the World Wide Web (WWW). E-Commerce facilitates new types of information based business processes for reaching and interacting with customers. It can also reduce costs in managing orders and interacting with a wide range of suppliers and trading partners. For developing countries like India, E-Commerce offers considerable opportunities.

Electronic commerce or E-Commerce refers to a wide range of online business activities for

products and services. It also pertains to "any form of business transaction in which the parties interact electronically rather than by physical exchanges or direct physical contact." E-Commerce is the use of electronic communications and digital information processing technology in business transactions to create, transform and redefine relationships for value creation between or among organizations and between organizations and individuals.

Today E-commerce in Indian society has become an integral part of everyday life. Accessibility to E-commerce platforms is not a privilege but rather a necessity for most people, particularly in the urban areas. Today the number of internet users in the world is close to 3 billion, out of this; India has a total of 259.14 million internet and broadband subscribers. This penetration of internet coupled with the increasing confidence of the internet users to purchase on line. This leads to an enormous growth in the E-commerce space, with an increasing number of customers registering on E-commerce websites and purchasing products through the use of mobile phones. India is in a prime position for the growth and development of the E-commerce sector.

As per the report, the compound annual growth rates in the mature E-commerce markets of Japan, South Korea and Australia will run 11% to 12% over the next few years. In the rapidly growing markets of China and India, these growth rates will be 25% and 57% respectively. The report also highlights the rapid growth of E- commerce markets in neighboring China where, the compound annual growth rates of over 20% will take the market to over $ 350 billion. A report by the Internet and Mobile Association of India (IMAI) has revealed that India's E-commerce market expected to grow by 37% to reach U.S. Dollar 20 billion by 2015.

REVIEW OF LITERATURE

Dr. Anukrati Sharma (2013)

The article entitled "A study on E-commerce and Online Shopping: Issues and Influences". In this article an attempt is made to study the recent trends, influences, preferences of customers towards E-commerce and online shopping and to give the suggestions for the improvement in online shopping websites. The study found that, most of the people who are engaged in making the decision of purchasing are in the age of 21-30 years. While making the websites for online shopping it must be designed in a very planned and strategic way.

Abhijit Mitra (2013)

The article entitled "E-Commerce in India-A review". In this article an attempt is made to study the present status and facilitators of E-Commerce in India, analyze the present trends of E-Commerce in India and examine the barriers of E-Commerce in India. The study found that, there has been a rise in the number of companies taking up E-Commerce in the recent past. The study also found that, major Indian portal sites have also shifted towards E-Commerce instead of depending on advertising revenue.

Nisha Chanana and Sangeeta Goele (2012)

The article entitled "Future of E-commerce in India". In this article an attempt is made to study the overview of the future of E-commerce in India and discusses the future growth segments in India's of E-commerce. The study found that, various factors that were essential for future growth of Indian E-commerce. The study also found that, the overall E-commerce will increase exponentially in coming years in the emerging market of India.

Sarbapriya Ray (2011)

The article entitled "Emerging Trends of E-commerce in India: Some Crucial Issues Prospects and Challenges". In this article an attempt is made to present a snapshot of the evolution of E-commerce business indicating the chronological order, category of E-commerce business, description of organizations involved in E-business in India. The study found that, 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 etc are all taken care of.

CONCEPT OF E-COMMERCE

Multi Product E-Commerce:

Some internet portals provide almost all categories of goods and services in a single site; they are targeting customers of every possible product or service. Indian E-Commerce portals provide goods and services in a variety of categories like apparel and accessories for men and women, health and beauty products, books and magazines, computers and peripherals, vehicles, collectibles, software, consumer electronics, household appliances, jewelry, audio/video entertainment goods, gift articles, real estate and services, business and opportunities, employment, travel tickets, matrimony etc.

Single Product E-Commerce:

Some Indian portals / websites deal in a specialized field. Examples:

- In automobiles, the portals are http://www.indiacar.com and http://www.automatindia.com, on these sites we can buy and sell four wheelers and two wheelers new as well as old vehicles online. Some of the services they provide are car research and reviews, online evaluation, technical specifications, vehicle insurance, vehicle finance, dealer locator etc.

- In stock and shares markets some of the sites are http://www.equitymaster.com, http://www.5paisa.com. Some of the services offered to registered members are online buying or dealing of stocks and share, market analysis and research, company information, comparison of companies, research on equity and mutual funds, tracking market trends etc.

- In real estate, the portals like http://www.indiaproperties.com. This website facilitate online dealing in real estate, they offer outright purchase or lease of a property through their portal. They also provide information on new properties as well as for resale. Some of the allied services are housing finance, insurance companies' architects and interior designers, property management consultant services etc.

- In travel and tourism industry a major government of India portal is http://www.tourismindia.com. The tourist destination sites are categorized according to the themes like eco-themes pertains to jungles, flora and fauna, beaches of India, architectural attractions, forts and places, hill resorts, adventure-trekking, mountain climbing etc. Other services offered are passport and visa, travel and accommodation information, weather information, festival and fair dates, shopping, tour operators etc. There are other sites like http://www.incredibleindia.org, it highlight the tourist destinations of a specific region in India, which covers North East India.

- In gift items, there are specific Indian websites making the act of gifting quick and easy to suit ones lifestyle. One such site is http://www.indiangiftsportal.com. The gifts are categorized as collectibles like paintings and sculptures, toys and games, chocolates, flowers, wood-craft and metal craft, luxury items like leather goods perfumes, jeweler boxes etc.

- In case of hobbies, the most popular hobbies from time immemorial are reading books, listing music and watching films. On the Indian website http://www.firstandsecond.com, one can buy more than 3,00,000 titles of books, cassettes, VCDs and DVDs. The books cover a wide range of topics such as business, art, cookery, engineering, children's stories, health, medicines etc. For music and videos,

they are available in English and other Indian languages to cater to the needs of public and the topics range from devotional songs, old time favorites and pop etc.

- In case of matrimony, marriage portal like http://www.jeevansathi.com and http://www.saadi.com. There is a saying, marriages are made in heaven, but in the world of E-commerce, they are made on marriage portals. On these websites one can search for a suitable match by region of residence, religion or caste. Once registered with these portals, they have e-mail facility and chat rooms, so that the couple gets to know more about each other before making the decision of their lives. Other services for registered persons are astrological services, information on customs and rituals, legal issues, health and beauty etc.

- In case of employment, two major portals like www.monsterindia.com and www.naukri.com are instrumental in providing job seekers with suitable employment facility. The service for job seekers is free and for employment they charge a nominal fee. Jobs are available online in fields, ranging from secretarial to software development and from real estate to education.

TYPES OF E-COMMERCE

The major different types of E-commerce are as follows;

- ➢ Business to Business (B2B): Business to Business E-commerce refers to the full spectrum of E- commerce that can occur between two organizations B2B E-commerce includes purchasing and procurement, supplier management, inventory management, channel management, sales activities, payment management, and service and support. A few B2B pioneers are Chemdex (www.chemdex.com), Fastparts

(www.fastparts.com) and Free Markets (www.freemarkets.com)

- ➢ Business to Consumer (B2C): Business to Consumer E-commerce refers to exchanges between Business and Consumer. Direct dealing between Business and Consumer has always existed, but with the E-commerce such transactions have gained further momentum.

- ➢ Consumer to Consumer (C2C): Consumer to Consumers involves transactions between and among consumers. These exchanges may or may not include third party involvement. Traditionally consumers have had dealings with other consumers, but only few of those activities were in a commercial sense. E- commerce has made it possible to bring together strangers and providing a platform for them to trade on.

- ➢ Consumer to Business (C2B): Consumer to Business is relatively a new model of commerce and is a reverse of the traditional commerce models. Here, consumers provide services or goods to businesses and create value for the business. Consumers can band together to form and present themselves as a buyer group to businesses in a consumer to business relationship. These groups may be economically motivated as with the demand aggregator. This type of transaction can be seen in internet forums where consumers provide product development ideas and product review; these are used for product advertisement.

- ➢ Business to Business to Consumer (B2B2C): A variant of the B2B2C model wherein there is an additional intermediary business to assist the first business transact with the end consumer. Here, it is poised to much better in a web based commerce with reduced costs of having an intermediary. Example: Flipkart is one of the most successful E-commerce portals which provide a platform for consumers to

purchase a different variety of products like electronic goods, apparels, books and music CDs.

FUNCTIONS OF E-COMMERCE

★ **Communication function** Aimed at the delivery of information and/or documents to facilitate business transactions.
Example: E-Mail.

★ **Process management function** Covers the automation and improvements of business processes.
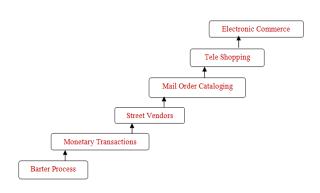**Example:** networking two computers together.

★ **Service management function** Application of technology to improve the quality of service.
Example: Federal Express website to track shipments and schedule.

★ **Transaction capabilities** Provides the ability to buy/sell on the internet or some other online services.
Example: Amazon.com.

EVOLUTION OF E-COMMERCE

Electronic Commerce

Tele Shopping

Mail Order Cataloging

Street Vendors

Monetary Transactions

Barter Process

CHALLENGES OF E-COMMERCE

I. **EXTERNAL CHALLENGES:**
External forces impact how E-commerce companies plan their growth strategy and provide seamless customer experience onsite and post transaction

➢ **Product and Market Strategy**: E-commerce companies have to address issues pertaining to rapidly evolving customer segments and product portfolios access information on market intelligence on growth, size and share manage multiple customer engagement platforms focus on expansion into new geographies, brands and products and simultaneously tackle a hypercompetitive pricing environment.

➢ **Customer and Digital Experience**: Companies have to provide a rich, fresh and simple customer experience not geared towards discovery, manage inconsistent brand experience across platforms; manage proliferation of technologies; and handle time to market pressure for new applications. In the recent past, social media has become more influential than paid marketing.

➢ **Payments and Transactions**: E-commerce companies may face issues around security and privacy breach and controlling fictitious transactions. Further, RBI restrictions for prepaid instruments or E-Wallets act as impediments. From a transactions perspective cross border tax and regulatory issues and backend service tax and withholding tax can have serious implications.

➢ **Fulfillment**: Companies will need to check if the physical infrastructure gets affected by the internet speed. Also the lack of an integrated end to end logistics platform and innovation focused fulfillment option could cause delivery issues. Challenges around reverse logistics management and third party logistics interactions could also act as barriers to growth.

II. **INTERNAL CHALLENGES**:
Internal forces impact how E-commerce companies can organize to drive and sustain growth.

➢ **Organization Scaling**: E-commerce companies will have to make sure organization design keeps pace with the rapidly evolving business strategy, along with fluid governance, strong leadership and management development. From a growth perspective, indentifying acquisition opportunities, fund raising and IPO readiness becomes necessary. From a technology perspective, it is important to transform IT as an innovation hub and address the lack of synergy between business, technology and operations functions of the enterprise.

➢ **Tax and Regulatory Structuring**: Companies will need to address issues around sub optimal warehouse tax planning imbalance between FDI norms vis-à-vis adequate entity controls, inefficient holding IPR or entity structure and international tax inefficiencies. Future challenges include the new companies act, policy on

related party transaction pricing and the uncertainty around GST roadmap.

➢ **Risk Fraud and Cyber Security**: From a risk perspective E-commerce companies could face issues around brand risk, insider threats and website uptime. Issues around employee vendor nexus, bribery and corruption make companies vulnerable to fines. Cyber security also raises some concerns around website exploitation by external entities.

➢ **Compliance Framework**: E-commerce companies have to comply with several laws, many of which are still evolving. Potential issues around cyber law compliance, inefficient anti corruption framework, legal exposure in agreements or arrangements, indirect and direct tax compliance framework and rules and regulations could pose problems. Uncertainty around VAT implications in different states due to peculiar business modes could cause issues.
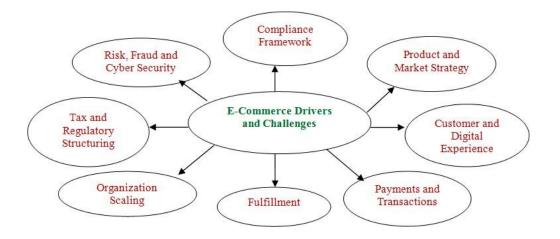

Figure 1: E-COMMERCE DRIVERS AND CHALLENGES

SNAPSHOT OF E-COMMERCE RETAIL REVENUES IN INDIA

Table 1: Indian Online Retail Revenues

Year	Forrester Research Online Retail Forecast
2012	US $ 1.6 billion
2016	US $ 8.8 billion

Source: Forrester Research

Table 1 reveals that, according to the report provided by Forrester Research, shoppers in metropolitan cities in India are driving E-Commerce; these consumers primarily avail of E- Commerce service in the areas of travel, consumer electronic and online books. According to a report provided by Forrester Research, E-commerce revenues in India will increase by more than five times by 2016, jumping from U.S. Dollar 1.6 billion in 2012 to U.S. Dollar 8.8 billion in 2016.

PROSPERITY OF E-COMMERCE IN INDIA

According to the survey by the Associated Chambers of Commerce and Industry of India, India's E-commerce market, which stood at $ 2.5 billion in 2009, reached $8.5 billion in 2012 and rose 88% to touch $ 16 billion in 2013. India is gradually becoming the country with highest number of literate population in the world and the internet penetration is largely driven by mobile phones, with some of the cheapest and most basic hand sets currently offering access to the internet.

Table 2: Internet Population in India

Year	Internet Population (In Million)
2012	137
2013	239
2014	286
2015	347

Source: Telecom Regulatory Authority of India

Table 2 reveals that, as per data released by Telecom Regulatory Authority of India (TRAI), India's total internet subscribers stood at 239 million as of 2013. Due to high internet penetration in India, the adaptability of online shopping and better shopping experiences offered by the E- commerce websites among Indians have increased rapidly.
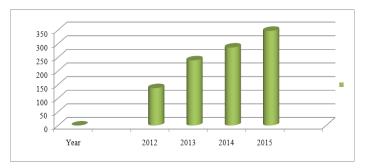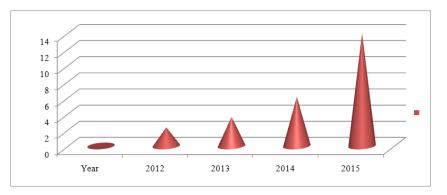

Table 3: Retail E-Commerce Sales in India

Year	Retail E-commerce Sales in India (In Billion U.S. dollars)
2012	2.31
2013	3.59
2014	6.1
2015	14

Source: E-Market Statistics

SOME OF THE E-COMMERCE COMPANIES IN INDIA

1) American Swan	6) Health Kart	11) Ola Cabs	16) Carat lane
2) Bata Shoes	7) IRCTC	12) Pay tm	17) Tradus
3) Bro4u	8) Instamojo	13) Snap deal	18) Jabong
4) Flipkart	9) Myntra	14) Shop Clues	19) HomeShop
5) Ebay India	10) MobiKwik	15) Zomato	20) Naaptol

SOME OF THE E-COMMERCE WEBSITES IN INDIA

1) Flipkart.com
2) Infibeam.com
3) Ebay.in
4) Theiwares.com
5) Futurebazaar.com
6) Lynx-india.com
7) Timtara.com
8) Shopping.rediff.com
9) Edigiworld.com
10) Letsshop.in
11) Buytheprice.com
12) Shopbychoice.com
13) Smartshoppers.in
14) Homeshop18.com
15) Yebhi.com
16) Univercell.in
17) Mediahome.in
18) Primeabgb.com
19) Next.co.in
20) Royalimages.in
21) Cromaretail.com
22) Rightshopping.in
23) Pristinenote.com
24) Theelectro.com
25) Themobilestore.in
26) Adexmart.com
27) Zoomin.com
28) Ratetag.com
29) Deltapage.com
30) Ezoneonline.in
31) Gadgetsguru.com
32) Machpowertools.com
33) SMCinternational.in
34) Smartshoppers.in
35) Storeji.com
36) Zapstore.com
37) Egully.com
38) Bitfang.com
39) Bigcmobiles.in
40) Seventymm.com
41) JJMehta.com/shop /
42) Indiaplaza.com
43) Theitdepot.com
44) Gadgets.in
45) Bigadda.com
46) Tradus.com
47) Vijayasales.com
48) Buytheprice.com
49) Computerwarehousepricelist.com
50) Shopping.indiatimes.com

CONCLUSION

Growth of e-commerce depend to a great extent on effective IT security systems for which necessary technological and legal provisions need to be put in place and strengthened constantly. While many companies, organizations, and communities in India are beginning to take advantage of the potential of e-commerce, critical challenges remain to be overcome before e-commerce would become an asset for common people. Today E commerce has become an integral part of everyday life. Accessibility to E-commerce platform is not a privilege but rather a necessity for people,

particularly peoples who are staying in urban areas. Due to fast adoption of internet enabled devices like Smartphone and Tablets, we have seen an unparalleled growth in E- commerce. The telecommunication technology has completely changed the way of our living, communication methods, shopping etc. It has a huge impact on how we communicate with friends and relatives how we travel, how we access the information and the way we buy or sell products and services. The growth of E- commerce volumes in India is attracting the attention of players around the globe. E-commerce creates new opportunities for business it also creates new opportunities for education and academics. It appears that there is tremendous potential for providing E-business education. With the explosion of internet connectivity through mobile devices like Smartphone and tablets, millions of consumers are making decisions online and in this way enterprises can build the brand digitally and enhance productivity but government policies must ensure the cost effective methods/solutions. ECommerce in India is destined to grow both in revenue and geographic reach. The challenge of establishing consumer trust in e-commerce poses problems and issues that need further research.

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