

A STUDY OF E-COMMERCE AND IMPORTANCE IN INDIA

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Abstract: *E-commerce or E-enterprise is the largest utility of computers and facts generation in keeping and dealing with commercial enterprise and monetary facts. It helps in transaction of any amount of money from any part of the world to other. We should buy something online with the assist of debit and credit playing cards. software of e trade are billing to clients, tracing payments obtained and bills to be made and tracing materials wanted and items produced, stored, shipped, and offered, and so on.. E-commerce in India has been experiencing wonderful boom, effectively converting the way human beings transact. Human beings these days can save actually everywhere inside mines, be it their workstations or houses, and most importantly, at any time of the day at their enjoyment. The web marketplace area in the United States is burgeoning in terms of services ranging from tour, movies, resort reservations and books to the likes of matrimonial services, digital gadgets, fashion add-ons or even groceries. India is home to 3,311 e-commerce hubs, 1,267 rural hubs, 391 export hubs and a pair of, 217 import hubs¹. To capitalize on the predicted growth ability, a host of buyers, such as task capital (VC) and personal fairness (PE) corporations, are carefully eyeing opportunities in e-commerce begin-ups.*

Key Words: *E-commerce, B2C, Flipkart, sales penetration.*

1. INTRODUCTION:

E-commerce is the system of doing business on line. Or we can say that E-trade is to conduct commercial enterprise via using the IT records generation, i.e., pc technology and electronic communication. Its miles the buying and promoting of items or goods or services on the internet the usage of electronic verbal exchange and virtual statistics processing technology. EDI or digital facts Interchange is an early shape of e-trade. Its high cost, use of proprietary requirements and many others-commerce is the procedure of doing enterprise digital. It changes the whole commercial enterprise situation due to the powerful innovation of internet that is spreading rapid thru the sector. The energy of net as a global get right of entry to became felt with the advent of the world wide net (WWW) in 1994. This global network makes global members of the family with the organizations made less complicated. Its miles expected that, within the close to destiny the virtual economic system will overtake the conventional financial system of all advanced international locations. E-commerce is a composite of technologies method and enterprise techniques that foster the instantaneous alternate of records inside and between companies. E-trade strengthens dating with consumers & make it easier to draw new customer, improves patron responsiveness and open new markets on a international scale. E-commerce is the application of diverse verbal exchange technologies to offer the automatic alternate of business statistics with inner and outside client, providers and financial organization media's boom capacity

Since the e-commerce industry is fast growing, changes may be seen over a yr. the arena in India has grown with the aid of 34% (CAGR) considering the fact that 2009 to touch 16.four billion USD in 2014². the world is expected to be in the variety of 22 billion USD in 2015. Currently, eTravel accommodates 70% of the whole e-commerce market. eTailing, which contains of online retail and on line marketplaces, has grown to be the quickest-growing segment inside the large market having grown at a CAGR of round 56% over 2009-2014. The dimensions of the eTail marketplace is pegged at 6 billion USD in 2015. Books, garb and accessories and electronics are the biggest promoting products thru eTailing, constituting round eighty% of product distribution. The increasing use of smartphones, drugs and net broadband and 3G has caused growing a strong customer base probable to boom in addition. This, mixed with a bigger quantity of homegrown eTail businesses with their modern enterprise models has caused a strong eTail market in India rearing to increase at high velocity. the net retail segment has evolved and grown substantially over the past few years. coins-on-transport has been one of the key increase drivers and is touted to have accounted for fifty% to 80% of on line retail sales.

E-commerce business in India has visible exponential growth over the past decade. This growth is because of many contributory elements, along with rapid adoption of technology by using Indian purchasers, large will increase inside the variety of net customers, new allowing technology, revolutionary commercial enterprise models and opportunity payment alternatives supplied by E-commerce organizations. Furthermore, the excessive growth in E-trade maintains unabated, with the world expecting to witness a steep growth in revenues inside the coming years. The

E-commerce industry become well worth 12.nine billion US \$ in 2015 grew at a CAGR of forty two%, and is anticipated to become 38.09 billion US greenback by means of 2020 The E-trade commercial enterprise in India has visible exponential increase over the last decade. This increase is due to many contributory elements, consisting of rapid adoption of technology by means of Indian consumers, big will increase inside the wide variety of net users, new enabling technology, modern business models and opportunity payment alternatives provided through E-commerce groups. Furthermore, the high boom in E-trade keeps unabated, with the arena looking ahead to to witness a steep increase in sales within the coming years. The E- commerce enterprise became really worth Rs. 351 (five. Four billion US \$) billion in 2011 grew at a CAGR of 37% to the touch Rs. 1257 billion in 2015, and is envisioned to end up a Rs.2,a hundred and ten billion (31 billion US \$) industry by way of 2016. it's been pronounced that MSMEs which adopted superior degree of digital engagement skilled annual sales boom which became 27% higher than those of offline corporations because of factors such as reduction in marketing and distribution prices, shorter time lag to marketplace, and decreased stock prices. The main E- trade corporations in India also are supporting to tackle some of the challenges that MSMEs face in adopting E-commerce technology like supporting MSMEs in investment, training and adoption of generation and encouraging them to interact with customers on a real-time foundation. The essence of e-retailing is in its capacity to go beyond bodily obstacles and attain clients in a manner exclusive from the traditional brick-and- mortar shops, to their very doorstep. But, the base of the e- retailing version is era and logistical answers that allows the consumer acquisition and the very last 'attain' manner. E-trade in addition brings to the table vagaries in patron orders observed with hard scenarios together with loose transport, order rescheduling, cancellation, returns and cash-on-delivery. Moreover, an predicted minimized flip-around-time (TAT) a good way to potentially cause phrase-of-mouth exposure, feedback and patron retention to the e-portal or internet site. An records network which stocks updated records with appreciate to stock fame, call for schedules and forecasts, shipment schedules and merchandising plans among all of the stakeholders of the supply chain will shape the backbone of an e-store.

Last decade has witnessed high-quality trends in E-commerce creating unheard of possibilities for go-border exchange. The net is enabling Micro, Small and Medium establishments ("MSMEs") to get right of entry to international markets not like ever before. Studies show that MSMEs that use E-trade structures are around five times more likely to export than those in the conventional economy. Business and commerce performed traditionally with different nations includes extensive prices thereby restricting the potential of MSMEs and groups in growing economies to benefit from worldwide alternate. In a web-enabled environment, now these costs can be reduce down with velocity and performance. But the nature and velocity of E-trade led worldwide exchange are raising sure different policy frictions. Today's trade regulations in many countries in large part replicate 20th century patterns of change and aren't properly-perfect to helping the growth of E-trade. Unique national rules on statistics management, customer protection and the provision of on line records are appearing as most important impediments to move border exchange-creating new marketplace barriers and pushing up fees for MSMEs which might be trying to enter global markets. One precondition for the achievement and viability of E- trade is the potential for facts to freely and correctly circulate throughout borders without being restrained by using technical barriers or anti-competitive bottlenecks.

IMPORTANCE OF E-COMMERCE:

Through, E-commerce, operating efficiency of the business firm will definitely improve and which in turn strengthen the value and service given to customers and provide a competitive edge over competitors. These improvements may result in more effective performance. The direct benefit accrue to an organization on practicing e-commerce are better quality, greater customer satisfaction, better decision making, low cost, high speed and real time interaction. More specifically e-commerce enables executing of information relating to the transaction between two or more using interconnected networks. From the business perspective with less time spent during each transaction, more transaction can be achieved on the same day. As for the consumer, they will save up more time during their transaction. Because of this, E-commerce steps in and replaced the traditional commerce method where a single transaction can cost both parties a lot of valuable time. E-commerce is the most cost effective compared to traditional commerce method. This is due to the fact where through e-commerce, the cost for the middleperson to sell their products can be saved and diverted top another aspect of their business. For e-commerce, the total overheads needed to run the business is significantly much less compared to the traditional commerce method. The reason due to that is where most of the cost can be reduced in Ecommerce. To both the consumers and business, connectivity plays an important part as it is the key factor determining the whole business.

1.1. Recent trends in E-commerce

- Industry studies by IAMA show that online travel dominates the e-commerce industry in India with 70% of themarket share.

- Online retailer major categories include smartphones, laptops, cameras, books, computers, clothes, home and kitchen appliances, toys, and gifts.
- Promotion of products, recruitment through social media, the pattern of advertisement by corporate sector etc are made online.
- Changes the lifestyle of Indian consumers by seeking convenience, comfort and variety.

1.2. Impacts of E-commerce in Society

The introduction of e-commerce has impacted on the traditional means of online exchanges. It is creating a new market place and opportunities for the reorganization of economic processes, in a more efficient way. The open structure of the Internet and the low cost of using it permit the interconnection of new and existing information and communication technologies. It offers businesses and consumers an innovative and powerful information system and another form of communication. This changes the way they search and consumer products, with these products increasingly customized, distributed and exchanged differently. The advent of e-commerce has seen a dramatic impact on the traditional ways of doing business. It has brought producers and consumers closer together and eradicated many of the costs previously encountered. It is evident that the supply industry will benefit from e-commerce which includes those producing computers, networking equipment and the software necessary. It has affected the following fields of economic activity.

- Pricing of the product.
- Product availability
- The transportation patterns
- Transaction costs.
- Cost and profit structure of all companies.
- Consumer behaviour in developed economies & worldwide competitiveness.

2. OBJECTIVES OF THE STUDY:

- To study the present status of e-commerce on Indian economy.
- To study the importance and contribution of e-commerce.
- To understand the challenges of e-commerce in India

3. RESEARCH METHODOLOGY:

This research is based on secondary data which are collected from several sources i.e. research papers, www.statista, publications from Ministry Of Commerce, Govt. of India etc which is available on the internet.

4. ANALYSIS OF DATA:

Table 1: Present Market segments of E-commerce

Category	Specification
Digital population as of January 2020	687.6 million
E-commerce market size by 2027	200 Billion USD
Active E-commerce penetration	74%
E-commerce share in retail by 2021	7 %
Share of online shoppers who prefer mobile wallets	32%
Category of online retail with the highest penetration rate	Electronics
Flipkart revenue	436.15 Billion INR
Most popular e-payment service	Paytm

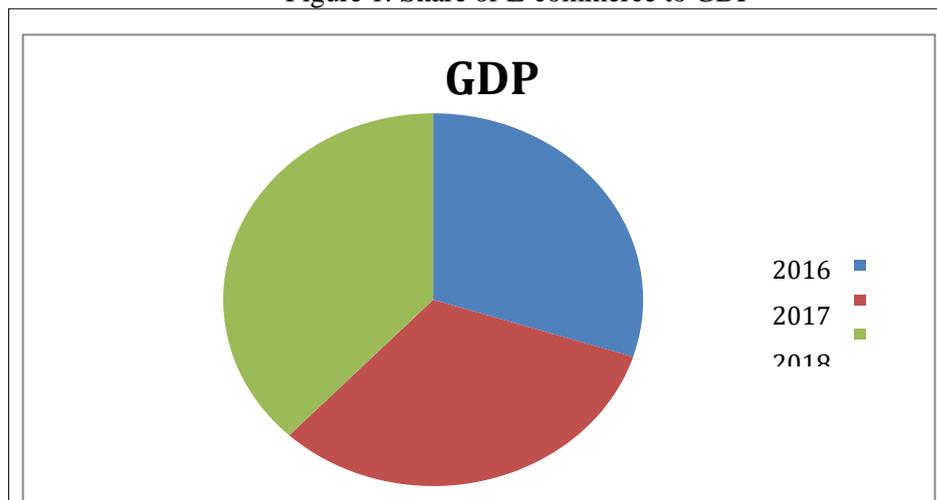
Statista 2020

Table 2: Share of E-commerce to GDP

Year	GDP
2016	0.71
2017	0.76
2018	0.9

Statista2020, EPW March 2019

Figure 1: Share of E-commerce to GDP



Ecommerce made up about 0.76 % of India’s GDP in 2017. This was estimated 0.9 percent in 2018. By being the second largest online market in the world after china, the country’s rapid growth in the digital sphere

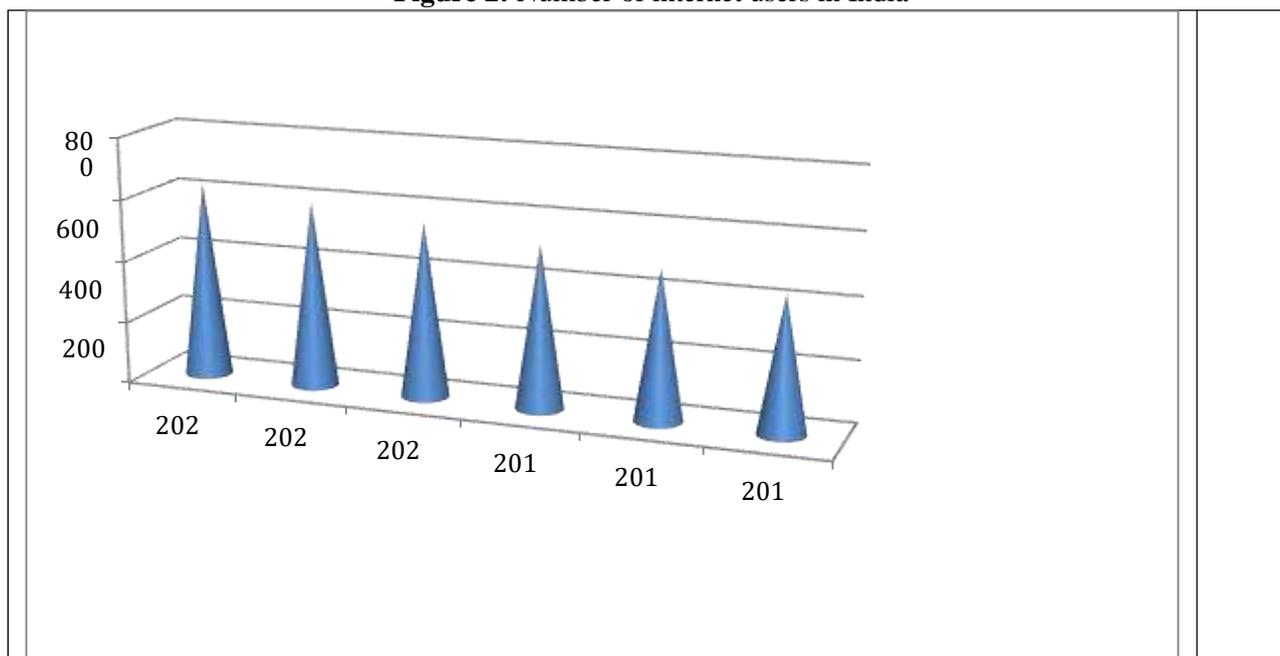
II. Internet users in India

Table 3: Number of internet users in India from 2016 to 2018 with a forecast until 2023

Year	No of internet Users
2023	660
2022	634
2021	601
2020	564.5
2019	525
2018	483
2017	437.4
2016	295.39

Statist 2020

Figure 2: Number of internet users in India

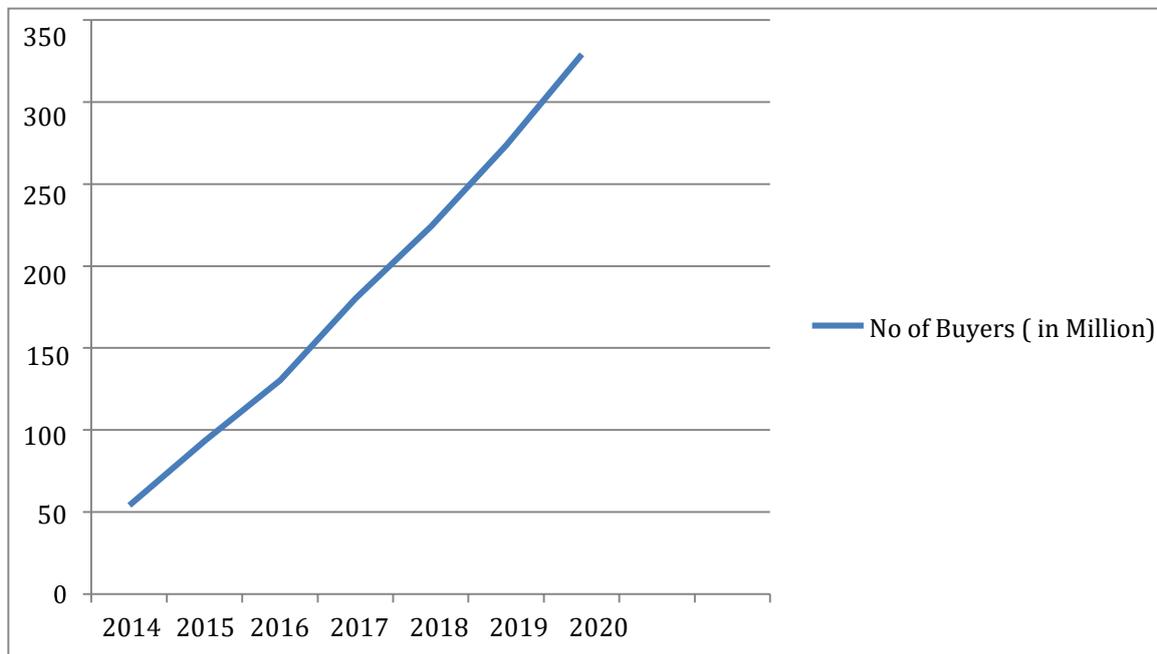


India had over 480 million internet users in the year 2018 across the country. This figure was projected to grow to over 660 million users by 2023 indicating a big market potential in internet services for the South Asian. In fact India was ranked as the second largest online market worldwide in India

Table 4: Digital buyers in India 2014-20 (In Millions)

Year	No of Buyers
2014	54.1
2015	93.4
2016	130.4
2017	180.1
2018	224.1
2019	273.6
2020	330

Figure 3: Digital buyers in India 2014-20



The e-commerce sector has seen a boom in the Asian region in the recent years. India, the south Asian country, had the fastest growing online retail market in 2019. The number of digital buyers across the country was estimated to be approximately 330 million in 2020. The figure suggests that almost 71 percent of internet users in the region will have purchased products online for the mentioned time period. The sector is driven by personalized advertisements, attractive discounts, quick delivery and return infrastructure and a high penetration rate of smart phones. This retail ecosystem combined with the comfort of being at home and getting all your choices delivered to your doorstep has turned the tables for the e-commerce sector quite significantly.

Roots of the system

Major consumption in the sector came from the male population in the country in 2019, where Amazon was the preferred destination for scouting of products. Customized apps and experiences had their influence as well. Almost 60 percent of the citizens had used a mobile device for the purchase of goods or services in 2018.

Room for further branches

Even though there has been tremendous expansion in the sector, the penetration rate in the country is relatively low compared to markets such as China and the U.S. The progress has faced challenges in the form of trust issues due to a large number of fake websites and products, which were the reason that over 20 percent of the buyers refused to buy goods or services online in 2016. Reliable websites and quality assurance from manufacturers are tackling the

issues headfirst, as they look to provide better products and services to customers and seek growth and benefits for the industry in the long run

Growth of B2B E-commerce in India

The growth of the B2B E-commerce segment is relatively slower compared to the B2C Ecommerce segment in India. This is because the entry barriers in the B2B E-commerce are more than those in the B2C E-commerce industry. A B2B E-commerce company has to have a strong business model, long term logistical arrangements with rail, road and ports and also adhere to stringent regulatory and taxation laws. With an aim to tap the huge potential in the B2B Ecommerce market in India, apart from the existing B2B companies, leading B2C companies have also started to build their own platforms for small business owners and traders. This is expected to be supported by rising expectations among a growing number of companies buying and selling online and a shift to conduct procurement transactions through the Internet. Understanding this untapped potential of the B2B E-commerce industry, the Government has allowed 100% FDI in B2B E-commerce, which has enabled globally successful B2B Ecommerce companies such as Walmart and Alibaba to evince interest in the India B2B Ecommerce industry

Future of E-commerce in India

E-commerce sector in India is growing rapidly. The internet users base in India is 460 millions and it is expanding day by day. The accelerating growth of Ecommerce in India is due to internet penetration and easily available smartphones. furthermore the favourable demographics and government effort of digitalisation is also pushing the growth of E-commerce sector in India

Table 5: E-Commerce sales in India (In Billion Dollars)

Year	Sales
2015	12.9
2016	16.08
2017	20.01
2018	24.94
2019	31.19
2020	38.09

Statista 2020

5. CONCLUSION:

After taking a complete view of the industry trends, it is seen e-commerce is emerging as an important tool to certify exploding growth of Indian economy. It has the scope to lead India into an Economic superpower. With a rapidly growing internet penetration e-commerce offers an attractive option for the retailers to expand. To achieve this, there should be more investments in supporting infrastructure and innovative and game changing business models in India

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