

# Future and Scope of E-Commerce in India

Renu Saini

(Assistant Professor, Government College for Girls, Sector 14 Panchkula)

## Abstract:

This E-commerce (electronic commerce or EC) is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet. These business transactions occur either as business-to-business, business-to-consumer, consumer-to-consumer or consumer-to-business. The term e-tail is also sometimes used in reference to transactional processes for online shopping. E-commerce is conducted using a variety of applications, such as email, online catalogs and shopping carts, EDI, File Transfer Protocol, and web services. The benefits of e-commerce include its around-the-clock availability, the speed of access, the wide availability of goods and services for the consumer, easy accessibility, and international reach. The presented paper is an outcome of a review of various research studies carried out on e-commerce. The paper examines various opportunities of e-commerce. It raises the key challenges that are being faced by consumers relating to e-commerce.

*Keywords* — E-commerce, B2B, B2C.

## INTRODUCTION

The term "Electronic commerce" (or e-Commerce) refers to the use of an electronic medium to carry out commercial transactions. Most of the time, it refers to the sale of products via Internet, but the term e-Commerce also covers purchasing mechanisms via Internet (for B-To-B) (Mitra, 2013).

A client who purchases on the Internet is called a cyber-consumer. E-Commerce is not only limited to online sales, but also covers (Chua, Straub, Khoo, & Kadiyala, 2005):

- Preparation of estimates online
- Consulting of users
- Provision of an electronic catalog
- Access plan to point of sales.
  
- Real-time management of product availability (stock)
  
- Online payment
  
- Delivery tracking

## 1. EVOLUTION IN E-COMMERCE

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. While in countries such as the US and China, e-commerce has taken significant strides to achieve sales of over 150 billion USD in revenue, the industry in India is, still at its infancy. 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 (Anvari & Norouzi, 2016).

## 2. DIFFERENT TYPES OF E-COMMERCE

The major different types of e-commerce are: business-to-business (B2B); business to- consumer (B2C); business-to-government (B2G); consumer-to-consumer (C2C); and mobile commerce (m-commerce).

### 3. FUTURE OF E-COMMERCE IN INDIA

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. Going by the statistics, the E-commerce market in India was worth about \$2.5 billion in 2009. It rose to \$8.5 billion by 2011 thus depicting a definite surge in the last two years. According to a statement released by the Internet and Mobile Association of India (IAMAI), these figures would reach up to \$12 billion by 2012! To understand this scenario, we can divide E-commerce into three broad categories which include physical services, physical goods and virtual goods. Another category that is gradually making its mark is the local commerce (couponing, yellow pages, classifieds etc.) which offers significant overlaps with E-commerce. The 1st category of physical services is definitely the major contributor which includes travel ticketing, jobs, matrimonial and event management websites with travel sites accounting for 75% of all E-commerce industries! It provides attractive deals too (Ohidujjaman, Hasan, & Huda, 2013).

### 4. INDIA'S PROSPECTS IN E-COMMERCE

1. OPPORTUNITY FOR RETAILERS: A retailer can save his existence by linking his business with the on-line distribution. By doing so, they can make available much additional information about various things to the consumers,

meet electronic orders and be in touch with the consumers all the time. Therefore, E-Commerce is a good opportunity.

2. OPPORTUNITY FOR WHOLE SALERS/DISTRIBUTER: In the world of Ecommerce the existence of the wholesalers is at the greatest risk because the producer can easily ignore them and sell their goods to the retailers and the consumers. In such a situation those wholesalers can take advantage of E-Commerce who are capable of establishing contractors with reputed producers and linking their business with the on-line.

3. OPPORTUNITY FOR PRODUCERS: Producers can take advantages of e-commerce by linking themselves with on-line, by giving better information about their products to the other links in the business chain and by having a brand identity.

4. OPPORTUNITY FOR PEOPLE: As more people are getting linked with E-commerce, the demand for centre providing internet facility or cyber cafe is also increasing. Hence, the people who wish to take advantage of it can establish cyber and have their benefits.

### Essential factors for growth of E-Commerce in India (Raghunath & Panga, 2013):

1. Customer convenience: By providing Cash on delivery payment option service to customers.
2. Replacement guarantee: Should be Offers 30 day replacement guarantee to their customers.
3. Reach: Enabling mobile-capable sites and supporting M-Commerce services.
4. Location based services: Since customers these days are always on the move, promoting the right product at the right time and location becomes an integral aspect.
5. Multiple payment option: standard credit cards, debit cards and bank payments option should be there.
6. Right content: Getting the right content and targeting customers with crisp and relevant

information is of utmost importance to users on the move.

7. Price comparison: Providers offering instant price comparison are highly popular amongst the price conscious customers.
8. Shipment option: Low cost shipment should be there. The convenience of collecting orders post work while returning home should be there.
9. Logistical challenges: In India, the geographical spread throws logistical challenges. The kind of products being offered by providers should determine the logistics planning.
10. Legal challenges: There should be legal requirement of generating invoices for online transactions.
11. Quick Service: Timely service provided by the company.
12. Terms and condition: T & C should be clear & realistic.
13. Quality: The product quality should be same as shown on the portal.

## CONCLUSIONS

The future of E-Commerce is difficult to predict. There are various segments that would grow in the future like: Travel and Tourism, electronic appliances, hardware products and apparel. There are also some essential factors which will significantly contribute to the boom of the E-Commerce industry in India i.e. replacement guarantee, M-Commerce services, location based services, multiple payment option, right content, shipment option, legal requirement of generating invoices for online transactions, quick Service, T & C should be clear & realistic, the product quality should be same as shown on the portal, dedicated 24/7 customer care centre should be there. Wholesalers can take advantage of E-Commerce

who are capable of establishing contractors with reputed producers and linking their business with the on- line. Producers can also linking themselves with on-line, by giving better information about their products to the other links in the business chain and by a having a brand identity. On the behalf of above said reports and experts view showed that the future of e-commerce in India would be bright in the upcoming years if all essential factors would be implemented.

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