

PROSPECTS OF E-COMMERCE IN INDIA

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ABSTRACT

As a symbol of globalization and in many ways its leading feature, e-commerce represents the cutting edge of success in this digital age. E-commerce stands for electronic commerce and pertains to trading in goods and services through the electronic medium, i.e. the Internet or phone. On the Internet, it pertains to a website, which sells products or services directly from the site using a shopping cart or shopping basket system and allows credit card payments. It involves conducting business with the help of the electronic media, making use of the information technology such as Electronic Data Interchange (EDI). In simple words, Electronic commerce involves buying and selling of goods and services over the World Wide Web. Customers can purchase anything right from a car or a cake sitting comfortably in his room and gift it to someone sitting miles apart just by click of a mouse.

KEYWORDS: E-Commerce, EDI

INTRODUCTION

Scope of E-Commerce

India is showing tremendous growth in the Ecommerce. Rival tradeindia.com has 700,000 registered buyers and it has the growth rate of 35% every year which is likely to double in the year 2010. Indiamart.com claims revenues of Rs. 38 crores and has a growing rate of 50 every year. It receives around 500,000 enquiries per month. Undoubtedly, with the middle class of 288 million people, online shopping shows unlimited potential in India. The real estate costs are touching the sky. The travel portals' share in the online business contributed to 50% of Rs 4800 crore online market in 2007-08. The travel portal MakeMyTrip.com has attained Rs 1000 crores of turnovers which are around 20% of total e-commerce market in India. Further an annual growth of 65% has been anticipated annually in the travel portals alone.

Growth of E-Commerce

During the year 2000-2001, two major Industry Associations produced separate reports on ecommerce in India. One was prepared by the National Committee on ECommerce set up the Confederation of Indian Industry (CII), while the other was commissioned by the NASSCOM and prepared by the Boston Consulting Group. Both the reports are optimistic about the growth of ecommerce in India. The Confederation of Indian Industry (CII) report estimates the volume of ecommerce to grow to Rs 500 billion (US\$ 10.6 billion) in the year 2003. The NASSCOM-BCG Report, on the other hand, estimates for the same year that the total volume of ecommerce will be Rs 1,950 billion (US\$ 41.5 billion). Amul, a milk cooperative, is successfully using ecommerce to deepen its brand loyalty. Likewise, corporate in the automotive sector are improving their customer relations through this medium. Some of the new names that are rediscovering e-commerce through new portals at relatively low capital cost, without venture capital funding include: Key 2 crorepati, Music Absolute, Gate 2 Biz. The low cost of the PC and the growing use of the Internet has shown the tremendous growth of Ecommerce in India, in the recent years. According to the Indian Ecommerce Report released by Internet and Mobile

Association of India (IAMAI) and IMRB International, “ The total online transactions in India was Rs. 7080 crores (approx \$1.75 billion) in the year 2006-2007 and expected to grow by 30% to touch 9210 crores (approx \$2.15 billion) by the year 2007-2008. According to a McKinsey-Nasscom report the e-commerce transactions in India are expected to reach \$100 billion by the 2008. Although, as compared to the western countries, India is still in its initial stage of development.

E-Marketer forecasts that online sales will more than double by reaching \$168.7 billion in 2011. Market share is moving toward Australia, India and especially China. China's share of regional B2C e-commerce will grow more than threefold from 4.1% in 2006 to 14.3% by 2011. At the low end, South Korea's B2C e-commerce sales will grow by 13.3% over the same period. Between 2006 and 2011, the aggregate CAGR for the five countries will be 23.3% sales of selected countries in Asia Pacific Online travel is the largest e-commerce sales category in most major countries. For the same group of five countries, plus New Zealand, online leisure and unmanaged business travel sales totalled about \$17.7 billion in 2007 and are forecast to rise to \$41.7 billion by 2011. E-Marketer forecasts that from 2006 to 2011 online travel sales will grow at a 24.8% annual rate, higher than the 23.3% rate for B2C e-commerce. This indicates that travel is one of the key drivers of e-commerce sales in the APAC region. Graph of sales in selected countries. In China and India, online-travel spending drives B2C ecommerce sales, and it accounts for a majority of total sales. Consumers are less wary of buying services like train or airline tickets online, and sellers can avoid the logistics and delivery problems associated with physical goods. Jeffrey Grau, senior analyst at e Marketer, said that such preferences underscore how e-commerce in the region has a vast amount of growth ahead. E-commerce in these markets will have come of age when consumers start buying more expensive, high-touch categories such as apparel, home furnishings and jewellery.

Status of E-Commerce in India

Today E-commerce is a byword in Indian society and it has become an integral part of our daily life. There are websites providing any number of goods and services. Then there are those, which provide a specific product along with its allied services Multi-product ecommerce. These Indian E-commerce portals provide goods and services in a variety of categories. To name a few: Apparel and accessories for men and women, Health and beauty products, Books and magazines, Computers and peripherals, Vehicles, Software, Consumer electronics, Household appliances, Jewellery, Audio/video, entertainment, goods, Gift articles, Real estate and services Single-product e-commerce Some Indian portals/websites deal in a specialized field, for example:

- **Automobiles**

On these sites we can buy and sell four wheelers and two-wheelers, new as well as used vehicles, online. Some of the services they provide are: Car research and reviews, online evaluation, Technical specifications, Vehicle Insurance, Vehicle Finance.

- **Stocks and Shares and E-Commerce**

In India today, we can even deal in stocks and shares through e-commerce. Some of the services offered to registered members are: Online buying/selling of stocks and shares, Market analysis and research, Company information, Comparison of companies, Research on Equity and Mutual Funds.

- **Real Estate and E-Commerce**

They provide information on new properties as well as properties for resale. One can deal directly with developer

through consultant. Allied services: Housing Finance, Insurance companies, Architects & Interior Designers, NRI services, Packers & Movers.

- **Travel & Tourism and E-Commerce**

India has a rich history and heritage and e-commerce is instrumental, to a large extent, in selling India as a product, encouraging Indians as well as foreigners to see its multifaceted culture and beauty. The tourist destination sites are categorized according to themes like: Adventure - trekking, mountain climbing etc, Eco Themes pertains to jungles, flora and fauna.

- **Gifts and E-Commerce**

In the bygone days, one had to plan what to gift a loved one, trudge across to your favourite shop, and browse for hours before purchasing a gift. The gifts are categorized as: Collectibles like paintings and sculptures, Luxury items like leather goods, perfumes, jewellery boxes, etc, household curios and carpets, etc, Toys & games, Chocolates, Flowers, Woodcraft & metal-craft.

- **Hobbies and E-Commerce**

The most popular hobbies from time immemorial are reading, music and films. The book's cover a wide range of topics like Business, Art, Cookery, Engineering, Children's Stories, Health, Medicine, Biographies, Horror, Home & Garden, etc.

- **Matrimony and E-Commerce**

It is said that marriages are made in heaven, but in the world of E-commerce they are made on marriage portals. One can search for a suitable match on their websites by region of residence (India or abroad), religion or caste. Allied services for registered members: Astrological services, Information on Customs and Rituals, Legal issues, Health & Beauty, Fashion & Style, Wedding Planners.

- **Employment and E-Commerce**

Two major portals like www.Monsterindia.com and www.naukri.com (meaning job.com in Hindi) are instrumental in providing jobseekers with suitable employment at the click of a mouse. The service for job seekers is free and for employers they charge a nominal fee. Jobs are available online in fields ranging from secretarial to software development, and from real estate to education.

Facilitators of E-Commerce in India

- **Information Directories**

The products and services are listed with appropriate sub-headings to make it easy for a serious information-seeker to find what he wants. Allied services provided by them: Message boards, chat rooms, forums, etc.

- **Banks**

- ♦ **Net Banking/Phone Banking:** This is an online banking facility available for savings account holders as well as current account holders. Some of the special Net banking services are: Demit accounts for

sale/purchase of stocks and shares, Foreign Exchange services, Direct/Instant payment of bills on the account-holder's behalf, Financial Planning & advice, Electronic Funds Transfer, Loans to account-holders.

- ♦ **Credit/Debit Cards:** Banks facilitate E-commerce by providing the most vital trade instrument, namely the Credit or Debit Card, without which E-commerce would be impossible

List of Top E-Commerce Companies of India

- **ASA Systel Communications Pvt Ltd**

It is a leading E-commerce company in India which provides innovative and superb quality web services which encompasses the building of e-commerce related websites and portals. The company also uses the latest payment modes and security. The company has its offices in Chennai, Lucknow and will shortly set up offices in Delhi, Mumbai, Kathmandu, and Bhopal.

- **Candid Info**

This Indian E-commerce company is based in New Delhi. It is a renowned Offshore Outsource Web designing development e-commerce Company. It offers off shore web development, designing, and SEO solutions for large corporations and SME's.

- **Chenab Information Technologies Private Limited**

This E-commerce company in India comprises of web enabled business and web bases services, airline and security systems by using the internet technologies and tools of the state of the art. The company has three Software Development centres in Mumbai and the overseas branch office in New York. It is the first software company across the globe to get the certification of ISO 9001:2000.

- **Euro link Systems Limited**

This leading E-commerce company provides consulting and e-business solutions, FlexTCA Systems, Trillium Protocol services to the global community. The company has its office in England, U.S, Switzerland, and India with about 200employee strength.

- **HashPro Technologies**

It offers e-business and traditional analysis, development, implementation, design and strategic planning. It is a leader in the provider of integrated talent management software organization in. It renders services like the E-commerce Hosting, Internet Marketing and Human Resources. The e-Workforce initiative of the company will enable the company to become a 100 percent e-Corporation.

- **Compare Info Base**

The company is leading provider of e-commerce portals and IT solutions. The company manages about 1500 websites and portals with 4000 domain names. It has web presence in Maps, Software Development, GIST ravel, Education, Media, and Greetings etc. It specializes in Content development services, Website development services; PHP Programming & Development etc. It has its office in Mumbai, Kolkata and Delhi.

- **Sanver E-Solutions**

This company is based in Mumbai. They believe that Information Technology is a way to the business objectives. It is an IT consulting and Solutions Provider which offers personalized and personal business solutions using Information and Communication Technology.

- **Planet Asia**

This E-commerce company in India uses track record and deep experience in externalized applications to produce high quality B2SPEC(Business to Partner, Supplier, Customer) solutions to global enterprises.

- **Candid Web Technology**

This fast growing E Commerce Company in India is a provider of Complete Web Solutions for the design and development of dynamic web sites. The clients of the e-commerce company spans from the small scale companies to corporate organizations.

- **Trisoft Design**

Trisoft Systems is a software services company that offers solutions exclusively on the Microsoft Platform to customers worldwide. 10 years of experience on the Microsoft Platform puts the company at the forefront of. Net Technology. We invite you to explore our website and we look forward to helping your business unleash its potential.

Benefits of E-Commerce to Businesses

There is a growing awareness among the business community in India about the opportunities offered by E-Commerce. Ease of Internet access and navigation are the critical factors that will result in rapid adoption of Net commerce. Safe and secure payment modes are crucial too along with the need to invent and popularize innovations such as Mobile Commerce. India Reports provides accurate and easy to understand India specific reports that capture trends, map business landscapes and custom-made reports for specific needs. The other reports available on India Reports are on retail, outsourcing, tourism, food and other emerging sectors in India.

- Easy reach to a fast growing online community
- Unlimited shelf place for products and services
- Fuse the global geographical and time zone boundaries

Helps reach national and global markets at low operating costs. Research studies have indicated several factors responsible for the sudden spurt in growth of E- Commerce in India such as:

- Rapidly increasing Internet user base
- Technology advancements such as VOIP (Voiceover-IP) have bridged the gap between buyers and sellers online.
- The emergence of blogs as an avenue for information dissemination and two-way communication for online retailers and Ecommerce vendors.
- Improved fraud prevention technologies that offer a safe and secure business environment and help prevent credit card frauds, identity thefts and phishing.

- Bigger web presence of SME's and Corporate because of lower marketing and infrastructure costs.
- The young population find online transactions much easier.

Bottom of Form Barriers to Ecommerce in India

Some of the infrastructural barriers responsible for slow growth of Ecommerce in India are as follows. Some of these even present new business opportunities.

- **Payment Collection:** When get paid by net banking one has to end up giving a significant share of revenue (4% or more) even with a business of thin margin. This effectively means y parting away with almost half of profits. Fraudulent charges, charge backs etc. all become merchant's responsibility and hence to be accounted for in the business model.
- **Logistics:** You have to deliver the product, safe and secure, in the hands of the right guy in right time frame. Regular post doesn't offer an acceptable service level; couriers have high charges and limited reach. Initially, you might have to take insurance for high value shipped articles increasing the cost.
- **Vendor Management:** However advanced system may be, vendor will have to come down and deal in an inefficient system for inventory management. This will slow down drastically. Most of them won't carry anydigital data for their products. No nice looking photographs, no digital data sheet, no mechanism to check for daily prices, availability to keep your site updated.
- **Taxation:** Octroi, entry tax, VAT and lots of state specific forms which accompany them. This can be confusing at times with lots of exceptions and special rules.
- Limited Internet access among customers and SMEs .
- Poor telecom and infrastructure for reliable connectivity.
- Multiple gaps in the current legal and regulatory framework.
- **Multiple Issues of Trust and Lack of Payment Gateways:** privacy of personal and business data connected over the Internet not assured; security and confidentiality of data not in place.

Future of E-Commerce in India

Today, we are talking about e-commerce progress level of India, the seventh-largest by geographical area, the second-most populous country, and the most populous democracy in the world. Indian ecommerce space percentage is getting higher as more and more online retailers enter the market. Although this level of entry in the e-commerce market is good from a long term respective, the challenge is that most entrepreneurs don't have the resources or capital to wait for years before they can get profits. The past 2 years have seen a rise in the number of companies' embracing e-commerce technologies and the Internet in India. Most e-commerce sites have been targeted towards the NRI's with Gift delivery services, books, Audio and videocassettes e.t.c. Major Indian portal sites have also shifted towards e-commerce instead of depending on advertising revenue. The web communities built around these portal sites with content have been effectively targeted to sell everything from event and movie tickets the grocery and computers. This is not to say that the e-commerce scenario has been bad in India as highly successful e-business like baba bazaar and India mart have proved. Indian Banks

too have been very successful in adapting EC and EDI Technologies to provide customers with real time account status, transfer of funds between current and checking accounts, stop payment facilities. ICICI Bank, Global TRUST BANK AND UTI-Bank also have put their electronic banking over the internet facilities in place for the upcoming e-commerce market speed post also plain to clone the federal express story with online package status at any moment in time. The future does look very bright for e-commerce in India with even the stock exchanges coming online providing an online stock portfolio and status with a fifteen minute delay in prices. The day cannot be far when with RBI regulations will be able to see stock transfer and sale over the Net with specialized services.

CONCLUSIONS

A developing country can become industrialized and modernized if it can extensively apply IT to enhance productivity and international competitiveness, develop ecommerce and e-governance applications. An information-based society or knowledge based society is composed of IT products, IT applications in society and economy as a whole. Many countries in Asia are taking advantage of e-commerce through opening of economies, which is essential for promoting competition and diffusion of Internet technologies. Large enough to have a critical mass of 10 to 20 million users to be able to make an impact on e-commerce and e-governance. In the next 3 to 5 years, India will have 30 to 70 million Internet users which will equal, if not surpass, many of the developed countries. Internet economy will then become more meaningful in India. With the rapid expansion of internet, ecommerce 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 is 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, and prevention of fraud, consumer protection etc are all taken care of.

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