

E-Commerce Growth in India: The Analytical Study

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ABSTRACT: The focus of this paper is to analyse the growth rate of e-commerce during last decade. The rise in technology creates a wide path for customers and plays a vital role in the field of e-marketing and e-shopping. Here the source of paper is to study the growth rate in e-commerce with respect to rise in technology. Result is analyzed on the bases of users joined with technical services (internet, cloud, smart phones) and bump in users for online services under some top e-commerce service providers in Indian economy.

Keywords: IAMAI; e-commerce; e-shopping; e-marketing

INTRODUCTION

E-commerce is buying and selling of goods and services or transmitting of funds or data, over an electronic networking, primarily the internet. These transaction occur either business to business, business to consumer, consumer to business and consumer to consumer. E-commerce is done using applications EDI, email, shopping carts, Digital commerce makes possible for purchasing transaction over the web and supports creation and constant growth of online relationship with customers across multiple channels like retail, mobile, direct and indirect sales etc.

Today India is a developing country. Resources are growing in each sector. Information technology is today's rapid growing sector in India. In last few years there is growth in smart phone and internet users. Although Indian government also promoting information technology by many programs of "digital India". Every school and colleges are trying to be digitalize by internet and smart classrooms. Firstly 4G service was launched by Airtel "Bharti" on dated 10th April 2012 by broadband service. After that Idea cellular and Vodafone also launches their 4G-LTE Services. Beside of this internet service becomes cheaper and easy available in Indian economy after the launch of reliance communication JIO Services in 2016. Means now in the field of e-commerce the wide role is playing by online shopping sites like Amazon, Snapdeal, Flipkart. Android market is the largest market in smartphone development. Each and every online service is available by "Google" play store and other stores by .apk format as application for android users. This application consist of E-payment. Net-banking, online shopping, fund transfers. Overall we can say that the digitalization is creating more users in E-commerce and Indian economy is moving ahead at very fast rate. the technology growth impacts the financial growth of commerce also in a large extent. The both areas (Information technology & E-commerce) are directly proportionate to each other.

E-commerce in India: India has an internet users base of about 450 million as of July 2017, 40% of the population. Despite being the second-largest userbase in world, only behind China (650 million, 48% of population), the penetration of e-commerce is low compared to markets like the United States (266 million, 84%), or France (54 M, 81%), but is growing at an unprecedented rate, adding around 6 million new entrants every month. The industry consensus is that growth is at an inflection point. In India, cash on delivery is the most preferred payment method, accumulating 75% of the e-retail activities. Demand for international consumer products (including long-tail items) is growing much faster than in-country supply from authorized distributors and e-commerce offerings.

E-commerce Technologies: Several technologies are needed for e-commerce to exist. The most obvious one is the internet. Beyond that system of interconnected networks, many other sophisticated software and hardware components are needed to provide the required support structure: database software, network switches and hubs, encryption hardware and software, multimedia support, and the World Wide Web. Methods of connecting all the software and hardware elements in just the right way to support electronic commerce are changing and evolving every day. The success rate of some of the technologies is directly connected to the success of e-commerce.

E-payment Systems: Following are different e-payment systems.

- a.) **Electronic money:** E-money is the most important tool to employ digital technology in economic context and can be used as bank cards, transferring money in internet, salary and wage systems and other concepts in e-commerce. E-money could be defined as follow: "Money that is moving as electronic currency and can be saved or represents as smart cards or electronic wallets. It can also be used in sale terminals, or person to person, or be flowed or expend to banks or other distribu-

tors of e-money through phone lines.” According to a recent report by Credit Suisse, India’s digital payments industry that is currently worth around \$200 billion is expected to expand five times to \$1 trillion by 2023.

- b.) **Credit card:** Credit card is a plastic card which contains name and identity of the owner in front. There exists a magnetic tape which contains identity and owner address, in the back. Computerized financial systems like ATM employ this information to obtain identity of card holder when taking money. Bank or issuing institute confirms the credit. Even if the owners have no money in their account, to a distinguished level they can buy or get money, but they have to liquidate to a certain time. Commonly customers have to pay a rate near 2% (as per condition of issuer) in month for used credit.
- c.) **Debit card:** A debit card (also known as a bank card or check card) is a plastic card that provides the cardholder electronic access to his or her bank account(s) at a financial institution. The card, where accepted, can be used instead of cash when making purchases. In some cases, the primary account number is assigned exclusively for use on the Internet and there is no physical card. Debit cards usually also allow for instant withdrawal of cash, acting as the ATM card for withdrawing cash. Merchants may also offer cash back facilities to customers, where a customer can withdraw cash along with their purchase.
- d.) **Charging Card:** Credits are paid in the beginning of each period and the owner should pay back the money at the end of that period. These kinds of cards have a charging fixed cost.
- e.) **Electronic check:** A form of payment made via the internet that is designed to perform the same function as a conventional paper check. Because the check is in an electronic format,

it can be processed in fewer steps and has more security features than a standard paper check. Security features provided by electronic checks include authentication, public key cryptography, digital signatures and encryption, among others.

Internet users in India: The number of internet users in India is expected to reach 500 million by June 2018 said a report by IAMAI and Kantar IMRB. The number of Internet users stood at 481 million in December 2017, an increase of 11.34% over December 2016 said the report titled, "Internet in India 2017." Urban India with an estimated population of 455 million already has 295 million using the internet. Rural India, with an estimated population of 918 million as per 2011 census, has only 186 million internet users leaving out potential 732 million users in rural India. "Given that total Urban Population is much lower than total rural population, the Urban-Rural Digital divide is actually more acute than what the penetration numbers portray. The future growth policies therefore must focus on bridging the digital divide that exists between urban and rural India today," thereport added. Internet penetration in Urban India was 64.84% in December 2017 as compared to 60.6% last December. In comparison, rural Internet penetration has grown from 18% last December to 20.26% in December 2017.

The report also finds that an estimated 281 Million daily Internet users, out of which 182.9 million or 62% access internet daily in urban area, as compared to only 98 million users or 53%, in rural India. There are estimated 143 million Female internet users overall, which is approximately 30% of Total Internet users. "While Digital IndiaBSE -4.44 % is paving its way in rural India, the underlining digital gender gap still persists. Digital literacy is therefore a key to ensure everyone stays informed, engaged and safe online. The graphical representation of mobile internet users in the decade or frequency of users to use internet s represented threw figures below.

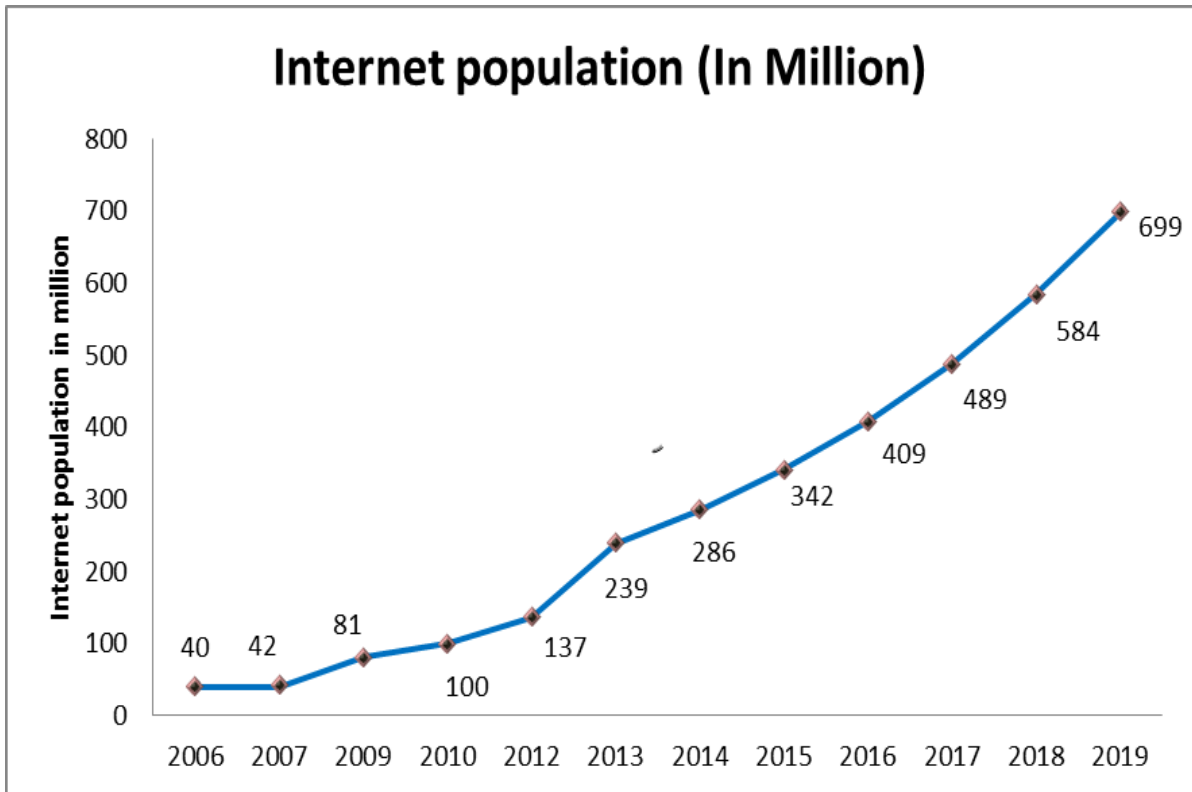


Figure 1: Growth in mobile internet users

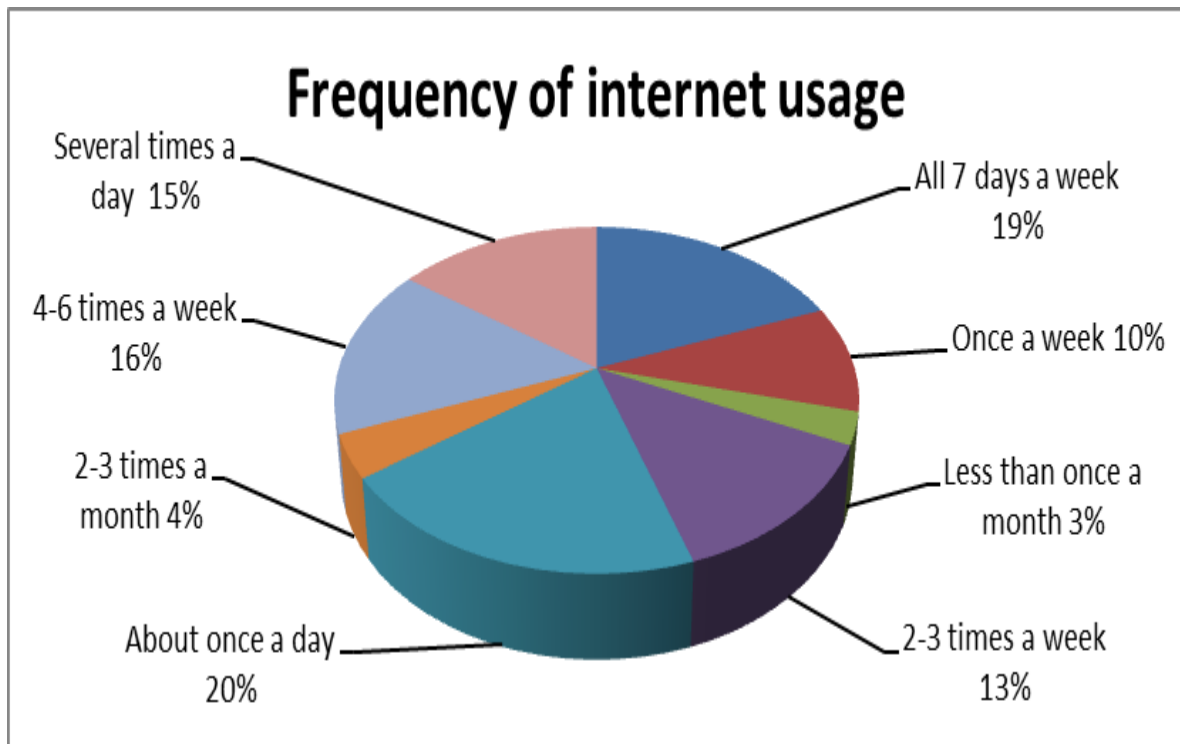


Figure 2: Internet user frequency

With over 460 million internet users, India is the second largest online market, ranked only behind China. By 2021, there will be about 635.8 million internet users in India. Despite the large base of internet users in India, only 26 percent of the Indian population accessed the internet in 2015. This is a significant in-

crease in comparison to the previous years, considering the internet penetration rate in India stood at about 10 percent in 2011. Furthermore, men dominated internet usage in India with 71 percent to women's 29 percent.

Leading E-commerce Portals: The first e-commerce site in India was rediff.com. It was one of the most trafficked portals for both Indian and non-residents Indians. It provided a wealth of Indian-related business news a reach engine, e-commerce and web solution services. The past few years have seen a rise in the number of companies enabling e-commerce technologies and the internet in India. Major Indian portal

sites have also shifted towards e-commerce instead of depending on advertising revenues. It includes flipkart.com, amazon.com, futurebazaar.com, ebay.in, homeshop18.com, snapdeal.com, indiaplaza.com, starcj.com, amazon.com, fashionandyou.com, rediffshopping.com, inkfruit.com, myntra.com, futurebazaar.com, yebhi.com, zoomin.com and hushbabies.com.

E-Commerce Site RANK (India)	Website URL	Domain Age	Alexa Global Rank	Alexa India Rank	Google Page Rank	Daily Unique Visitors	Website IP
1	Flipkart.Com	2007	87	6	6	319,557,683	163.53.76.55
2	Amazon.in	2013	111	8	8	262,104,622	54.239.34.40
3	Indiatimes.Com	1998	102	12	7	288,437,275	223.165.27.13
4	Snapdeal.Com	2001	157	14	5	154,380,132	122.248.250.132
5	Jabong.Com	2001	236	19	5	44,854,905	23.37.146.81
6	Rediff.Com	1998	291	25	7	38,446,465	23.74.9.40
7	Ebay.in	2005	360	27	6	31,222,406	66.211.181.235
8	Paytm.Com	2001	456	29	5	19,221,146	54.169.22.84
9	Shopclues.Com	2012	514	49	3	14,028,980	180.179.168.163
10	Myntra.Com	2007	486	55	5	15,725,633	180.179.147.10

Figure 3: Top ten e-commerce websites

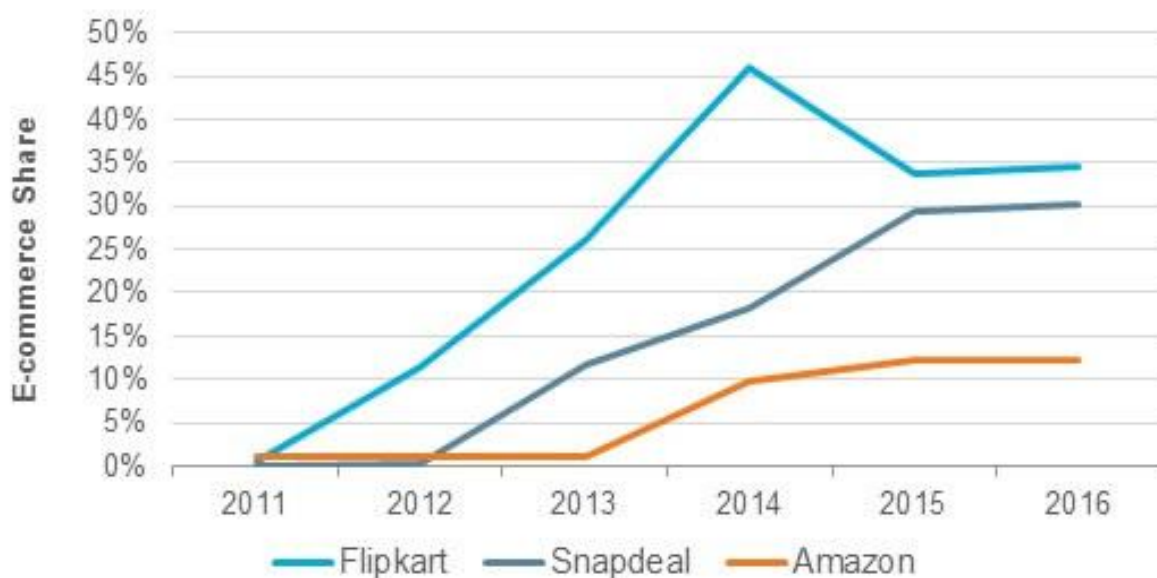


Figure 4: E-commerce share till 2016

Beside of these Alibaba and whatsapp are also trying to setup their e-market in India. Chinese e-commerce major Alibaba-backed Paytm claims to have over 250 million registered users, compared with WhatsApp's estimated 200 million monthly average users. Currently, the National Payments Corporation of India.

Business Applications use under E-commerce:

There are some common applications related to electronic commerce are the following;

- Document automation in supply chain and logistics
- Domestic and international payment systems
- Enterprise content management
- Group buying
- Automated online assistants
- Instant messaging
- Newsgroups
- Online shopping and order tracking
- Online banking
- Online office suites
- Shopping cart software
- Teleconferencing, Electronic tickets

Growth of E-commerce in India: According to IAMAI, the 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.
- The 2nd category of physical goods is the one currently gaining considerable attention, thanks to the hype created by new startups/stores being launched daily. Leaders in this division are Flipkart, Infibeam, Homeshop18, India times, Naaptol, Lets buy etc. each of which offers everything from mobile phones to pet food.
- The 3rd and final category of virtual goods and gift vouchers like online music, software's, movies, games, Taj Hotel gift vouchers,

Reebok gift vouchers, Pizza Hut gift vouchers etc. have been relatively lagging behind in India as compared to Europe and America, primarily due to piracy concerns and the social perspective of Indians. But the scenario is expected to change with the digital downloads segment expected to grow in the Indian E-commerce market due to the explosion of mobile devices and the services available over the Internet at special discounts.

E-commerce in India to explode in 2020, Indian e-shoppers will have a good time getting great deals and services online. A recent pan-India report released by Com Score Inc reveals that online shopping in India has touched a growth rate of 18 per cent and is only likely to grow further. The report found that nearly 60 per cent of citizens in India visited a retail site in November 2016, with the number of online shoppers increasing by 18 per cent in the past year. E-commerce can become an integral part of sales strategy while it is one of the cheapest medium to reach out to the new markets, if implemented successfully, it offers a smart way of expansion & doing e-commerce attribute to the successful implementation to carefully understanding the products & services, customers and the business process, easy to use system to extend the business on the web.

The digital commerce market in India has grown steadily from \$4.4 billion in 2010 to \$14.4 billion in 2014. As per industry estimates, the digital commerce market in India is expected to reach \$50 billion by the end of 2019 on the back of growing Internet population and increased online shoppers. Online travel accounts for nearly 61% of e-commerce business while e-tailing contributes about 29%.

The e-Marketer report had predicted that the business-to-consumer (B2C) e-commerce sales worldwide will reach \$1.5 trillion in 2019, increasing nearly 20% over 2016. As the e-Commerce players from the US, Europe and Japan are seeing slower growth in home markets, they are increasingly looking to enter developing economies of India, Brazil and China which have forecasted growth rates of more than 20% over coming years. Most popular e-commerce categories are non-consumable durables and entertainment related products. The expected amount of sales from mobile phones is predicted to grow from 63% in 2016 to 78% in 2021.

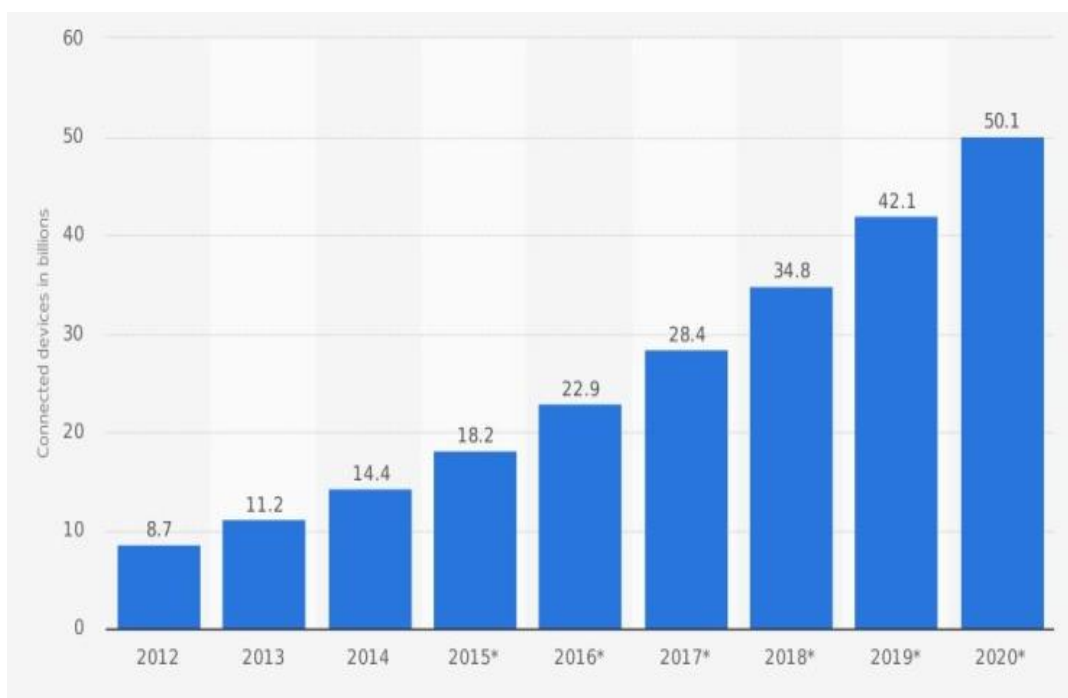


Figure 5: Source [Statistic report]

CONCLUSIONS

The conclusion formed by the whole study is that services provided by technology and technological growth make Indian market as mobile market. Customers are also attracting towards mobile market because they have a lot of option for a single product at their smart phone. The quality of network creates their interest surfing social media as well as online shopping. Even small Indian businesses are getting customers from e-commerce website like paytm.com also deals with hotels & tourism industry.

India is raising country in the field of business & technology. As per our study a lot of chances are growing in Indian market may be e-commerce and service section. Here we have a estimate resultant that rural area are still a big market that is lacking behind due to insufficient services to rural area. The next rising area of e-commerce will be the rural area population. They are getting technology but not getting enough services by e-commerce vendors. Growth of internet us connects new customers from rural area but availability of easy delivery service is still a need.

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