



## ACCELERATING GROWTH OF E-COMMERCE IN INDIA

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### Abstract

In 2013, Asia-Pacific emerged as the strongest business-to-consumer (B2C) e-Commerce region in the world with sales of around 567.3 billion USD. A growth of 45% over 2012. Ranking ahead of Europe (452.4 billion USD). The top three were followed by Latin America, and the Middle East and North Africa (MENA) region. E-commerce sales increased by 24% over 2012.

According to E-commerce Europe, US, UK and china together account for 57% of the world's total B2C ecommerce sales in the year 2013, china having total sales of 328.4 billion USD, 3.3% and china stands with fifth position in Asia-pacific. India's internet penetration with total e-households at 46 million against china's 207 million

The ecommerce industry is fast rising; changes can be seen over a year. The sector in India has grown by 34% (CAGR) since 2009 to touch 16.4 billion USD in 2014. The sector is expected to be in the range of 22 billion USD in 2015.

**Key words: Opportunities, Organizations, Challenges, Global E-Commerce, Communication.**

### INTRODUCTION

In 2013, Asia-Pacific emerged as the strongest business-to-consumer (B2C) e-Commerce region in the world with sales of around 567.3 billion USD. A growth of 45% over 2012. Ranking ahead of Europe (452.4 billion USD). The top three were followed by Latin America, and the Middle East and North Africa (MENA) region. E-commerce sales increased by 24% over 2012. This reflects the huge untapped potential of E-commerce by retail companies, both in their country of region and across borders. E-commerce or electronic commerce, deals with the buying and selling of goods and services, or the transmitting of funds or data, over an electronic platform, mainly the internet. These business transactions are categorized in to either business-to-business (B2B), Business-to-consumer (B2C), consumer-to-consumer (C2C), consumer-to-business (C2B) or the recently evolved business-to-business-to-consumer (B2B2C). E-commerce processes are conducted using applications, such as email, fax, online catalogues and shopping carts, electronic data interchange (EDI), file transfer protocol and web services and e-newsletters to subscribers. E-travel is the most popular form of ecommerce, now means selling of retail goods on the internet conducted by the B2C category.

According to E-commerce Europe, US, UK and china together account for 57% of the world's total B2C ecommerce sales in the year 2013, china having total sales of 328.4 billion USD, 3.3% and china stands with fifth position in Asia-pacific. India's internet penetration with total e-households at 46 million against china's 207 million

### OBJECTIVES OF THE STUDY

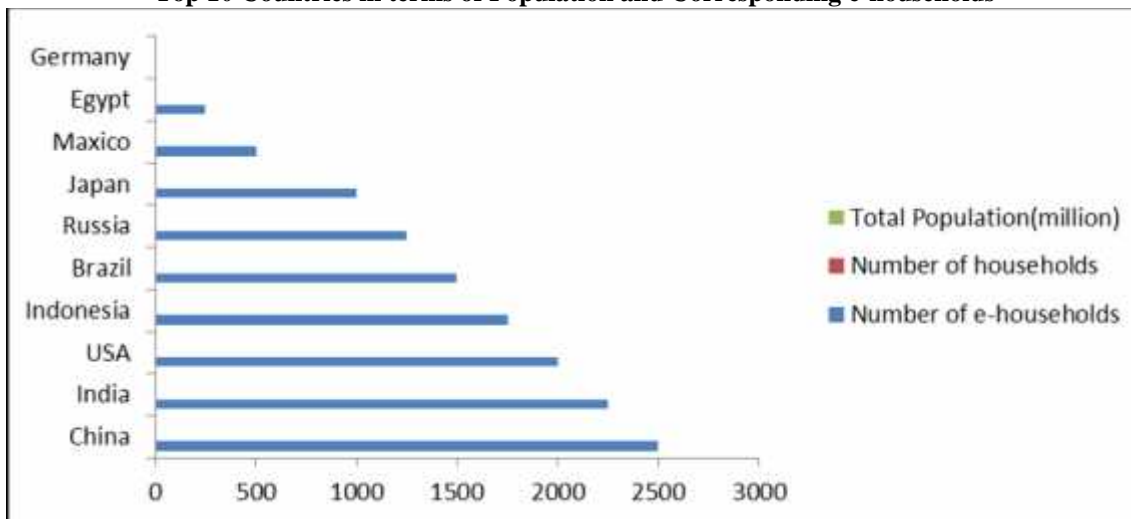
1. To highlight the concept of E-Commerce in recent days.
2. To know the status of internet users in India and their devices.
3. To analyze the future perspectives of E-Commerce in India.
4. To know the recent status of mobile Commerce.

### RESEARCH METHODOLOGY

Without appropriate methodology one cannot find out scientific outcomes. There are so many problems and perspectives to do research in the field of E-Commerce. But due to some limitations this paper tried to highlight the recent E-Commerce in India. Only secondary data has been used in this paper. In secondary data World Bank IAMAI, Aranca Research report has been used to collect the relevant data.



**Top 10 Countries in terms of Population and Corresponding e-households**



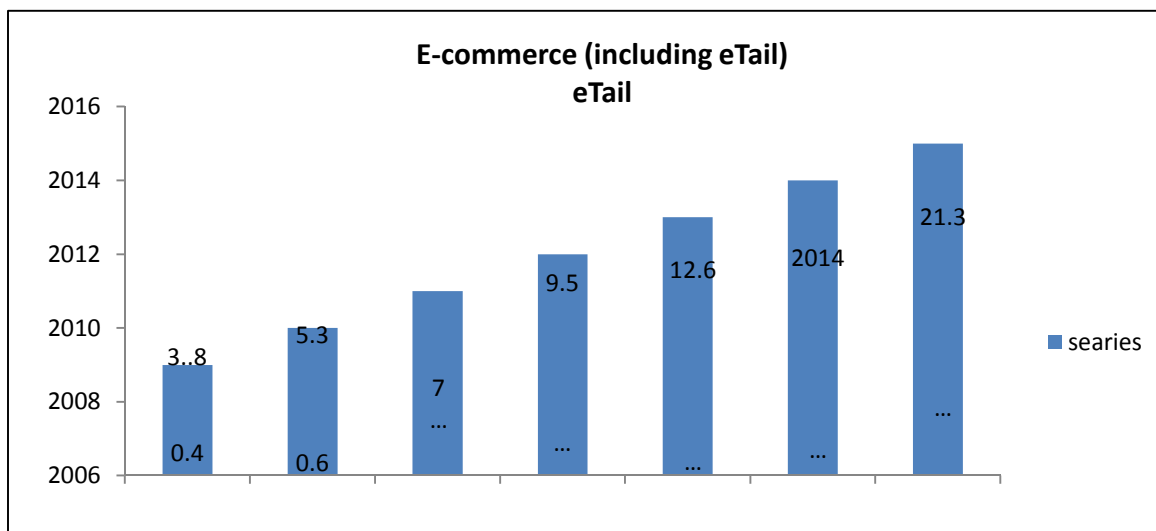
Source: Ecommerce Foundation, 2014

According to Forrester Research, an independent technology and market research firm, only 16% of India’s total population was online in the year 2013 and of the online users only 14% or 28 million were online buyers. India, therefore, was still in a nascent or immature stage at 50%, where as Japan (69%), Australia (57%) and South Korea (70%) were in mature stage.

**India’s growth in E-commerce**

Since the ecommerce industry is fast rising, changes can be seen over a year. The sector in India has grown by 34% (CAGR) since 2009 to touch 16.4 billion USD in 2014. The sector is expected to be in the range of 22 billion USD in 2015.

**Graph 1.1 E- commerce and E-Tail growth in India**

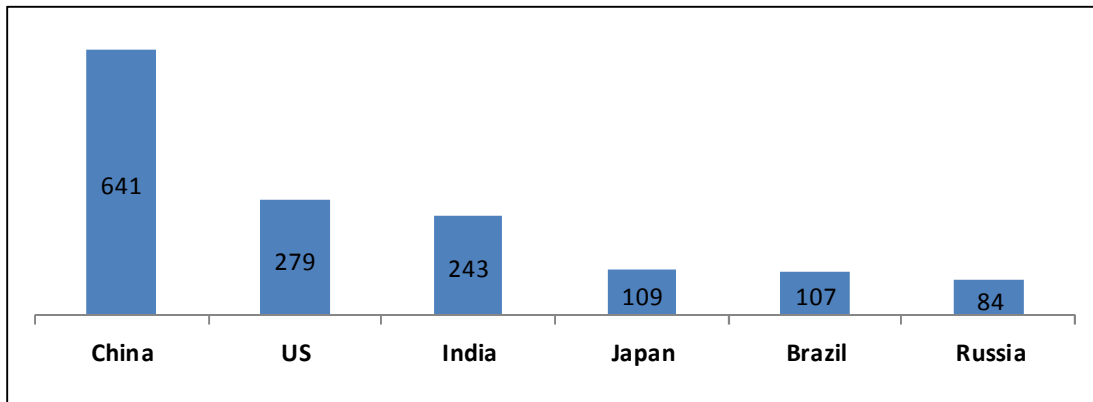


Source: IAMAL, CRISIL, Gartner, PwC and analysis and industry experts

Currently, eTravel comprises 70% of the total E-commerce market. eTailing, which comprises of online retail and online market places, has become the fastest-growing segment in the large market having grown at a CAGR of around 56% over 2009-2014. The size of the eTail market is pegged at 6 billion USD in 2015. Books apparel and accessories and electronics are the largest selling products through eTailing, constituting around 80% of product distribution. The increasing use of smart phones, tablets and internet broadband and 3G has led to developing a strong consumer base likely to increase further. This, combined with larger number of homegrown eTail companies with their innovative business models has led to a robust eTail market in India rearing to expand at high speed.



**Graph 1.2 Internet users by country (fig in millions)**



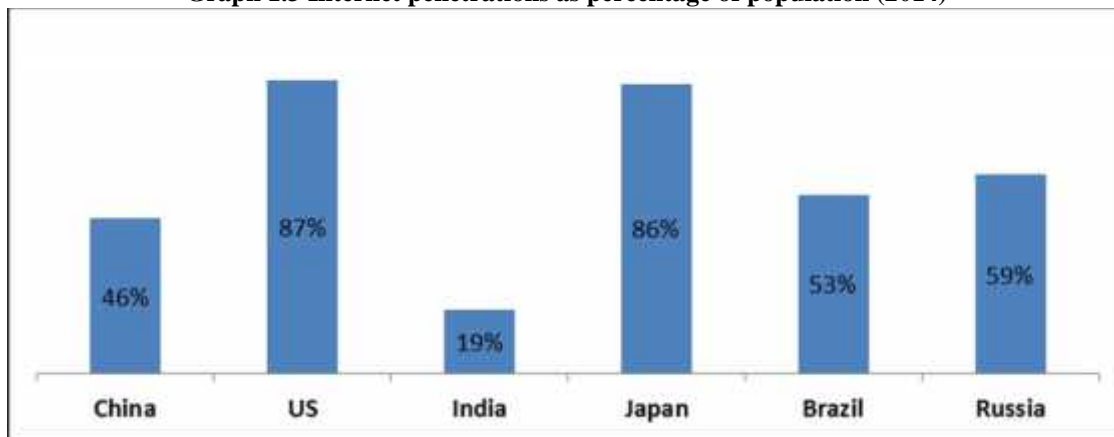
Source: IAMAI-IMRB (2014)

**Table No. 1.1, Internet users through various sources in India (%)**

Sr. No.	Year	Work	Home	Cyber café	Mobile
1	2007	34	30	36	-
2	2008	38	26	36	-
3	2009	40	23	37	-
4	2010	29	37	34	-
5	2011	32	32	27	9
6	2012	14	24	19	43
7	2013	10	19	13	58
8	2014	8	16	9	67
9	2015	6	14	7	73

Source: World Bank IAMAI, Aranca Research

**Graph 1.3 Internet penetrations as percentage of population (2014)**

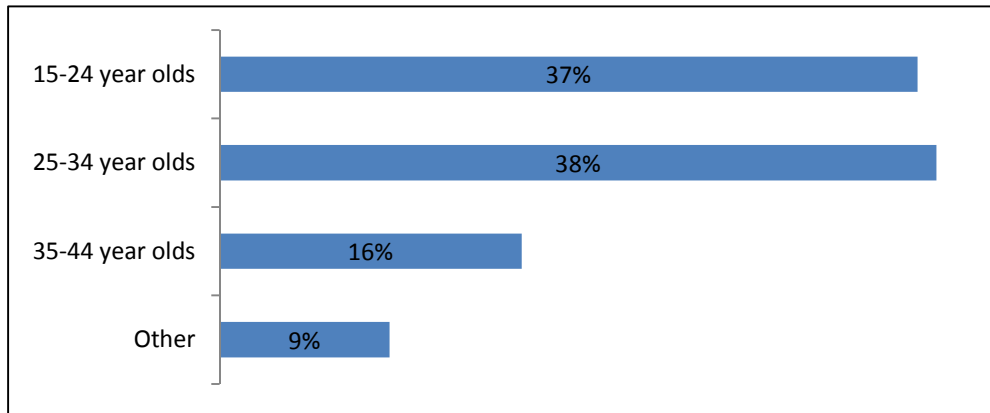


Source: internet live stats website accessed on 9 December 2014

From the above graph, India's internet users are short by only 36 million as compared with 279 million in the US and higher than that in Japan, Brazil and Russia. However, in relation with its population, only 19% Indians use the internet. This indicates the potential of internet use in India and as internet penetration increases, the potential of growth for the E-commerce industry will also increase. An analysis of the demographic profile of internet users further testifies that E-commerce will rise rapidly in India in coming years. Around 75% of Indian internet users are in the age group of 15 to 34 years. This category shops more than the remaining population. Peer pressure, rising aspirations with career growth, fashion and trends encourage this segment to shop more than any other category. They enjoy a demographic dividend that favors the growth of e-commerce. In coming years, as internet presence increases in rural areas, rural India will yield more E-commerce business.



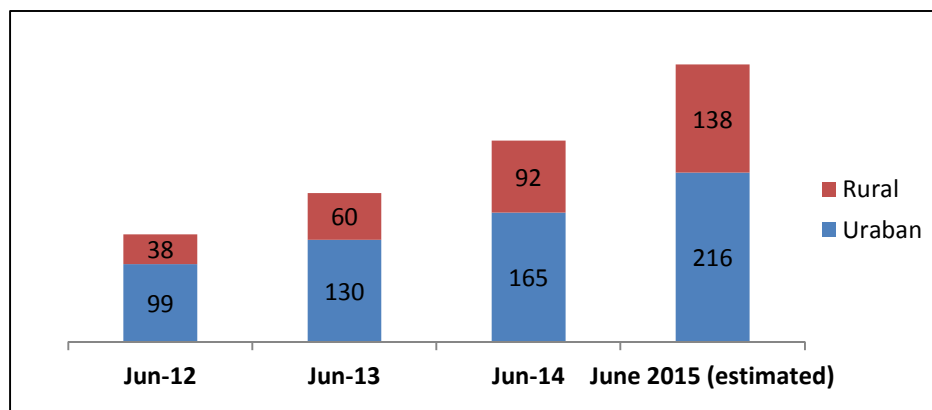
**Graph 1.4 Demographic profiles of India online users (as on September 2013)**



Source: statist a website accessed on 9 Dec 2014

From the above graph as per the demographic profit of India online users in the age group of 15-24 years they are 37%. In the age group 25-34 years their using capacity is 38%.

**Graph 1.5 Geographical distributions of internet users in India (million)**



Source: IAMAI-IMRB

From the above graph, as per geographical distribution urban area users are more than rural area. The numbers of users are increasing constantly.

By 2020, eTail in India is expected to account for 3% of total retail. Further, orders per million are expected to more than double from five million in 2013 to 12 million by 2016, which will mean more opportunities for both consumers and eTail companies. While the share of online shopping in total retail has increased at a fast pace in the last few years, it is still miniscule compared to the figure in china, where the share is 8-10%.

**Table No.1.2, SWOT Analysis of E-Commerce**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Time savings process</li> <li>• Direct communication with consumer</li> <li>• Improved customer interaction</li> <li>• Flexible target market segmentation</li> <li>• Simple and easier exchange of information</li> <li>• Lowers transaction cost</li> <li>• Easy arrangement of products</li> <li>• Faster buying procedure</li> <li>• No need to physical company set up</li> <li>• Operation cost can decrease</li> </ul>	<ul style="list-style-type: none"> <li>• Security</li> <li>• Fake websites</li> <li>• Fraud</li> <li>• No space for bargaining</li> <li>• Long delivery timing</li> <li>• No idea about quality and physical condition of the product</li> <li>• Lack of personal services</li> <li>• More shipping cost limited advertising sources</li> <li>• Customer's satisfaction</li> </ul>



Opportunities	Threats
<ul style="list-style-type: none"> <li>• Changing trends</li> <li>• New technologies</li> <li>• Global expansion High availability (24 hour and seven days a week)</li> <li>• Wide business growth</li> </ul>	<ul style="list-style-type: none"> <li>• Competitors</li> <li>• Changes in environment, law and regulations</li> <li>• Innovation privacy concerns</li> <li>• Fraud Risk</li> </ul>

## CONCLUSIONS

A developing country can become industrialized and modernized if it can extensively apply IT to enhance productivity and international competitiveness, Develop e-commerce 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. The internet is boosting efficiency and enhancing market integration in developing countries. The developed world has had a long lead over the developing countries in the telecom infrastructure. The world average of tele-density is 15 per cent compared to the developed world average of 55 to 60 percent. All these traditional indicators for India as seen above are still small. But the total numbers of internet connections are large in absolute numbers. Large enough to have critical masses of 10 to 20 million 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 to many of the developed countries. Internet economy will then become more meaningful in India. The number of e-transaction will be large enough to sustain the internet economy. Employment and e-commerce: two major portals like [www.monsterindia.com](http://www.monsterindia.com) and [www.naukri.com](http://www.naukri.com) are instrumental in providing job seekers with suitable employment at the click of a mouse. They have directories categorized under the headings employers and job seekers. The service for job seekers is free and for employers they charge a nominal fee. From the SWOT analysis, it gives clear understanding about strength & opportunities of E-Commerce. To concentrate on strength & opportunities & try to reduce weakness & threats, for better use of E-Commerce.

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