

Impact of E-Commerce on Indian Market

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Abstract— The e-commerce has transformed the way business is done in India. The Indian e-commerce market is expected to grow to US\$200 billion by 2026 from US\$38.5 billion as of 2017. Much growth of the industry has been triggered by increasing internet and smartphone penetration. The ongoing digital transformation in the country is expected to increase India's total internet user base to 829 million by 2021 from 560.01 million as of September 2018. India's internet economy is expected to double from US\$125 billion as of April 2017 to US\$ 250 billion by 2020, majorly backed by e-commerce. India's E-commerce revenue is expected to jump from US\$ 39 billion in 2017 to US\$ 120 billion in 2020, growing at an annual rate of 51 percent, the highest in the world.

Keywords: E-Commerce on Indian Market, FDI

I. INTRODUCTION

E-commerce or can say electronic commerce can be defined as a term which describes the selling and purchasing of any good over the Internet, like buying the clothes, shoes, apparel or anything on an online platform, in simple words, e-commerce is a process where the businesses and the consumers sell and purchase goods via an electronic medium. E-commerce includes online marketing supply chain system, online transactions, mobile marketing and so many transfers of data through an electronic path which helps the business to run and grow.

II. KEY DRIVERS IN INDIAN E-COMMERCE ARE

- Large percentage of population subscribed to broadband Internet, burgeoning 3G internet users, and a recent introduction of 4G across the country.
- Explosive growth of Smartphone users, soon to be world's second largest Smartphone user base.
- Rising standards of living as result of fast decline in poverty rate.
- Availability of much wider product range (including long tail and Direct Imports) compared to what is available at brick and mortar retailers.
- Competitive prices compared to brick and mortar retail driven by disintermediation and reduced inventory and real estate costs.
- Increased usage of online classified sites, with more consumer buying and selling second-hand goods.
- Evolution of Million-Dollar startup like Jabong.com, Saavan, Makemytrip, Bookmyshow, Zomato Etc.

India's retail market is estimated at \$470 billion in 2011 and is expected to grow to \$675 billion by 2020, -estimated CAGR of 10%. According to Forrester, the e-commerce market in India is set to grow the fastest within the Asia-Pacific Region at a CAGR of over 57% between million as of June of 2015. Despite being the second largest user base in world in world, only behind China(650 million, 48% of population), the penetration of E-commerce is low compared to markets like the US(266M, 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 product (including long-tail items) is growing much faster than in country supply from authorized distribution and e-commerce offerings. Largest e-commerce companies in India are Flipkart, Snapdeal, Amazon and Paytm.

III. INVESTMENT /DEVELOPMENTS

Some of the major developments in the Inl a particuldian e-commerce sector are as follows:

- Paytm has launched it's bank-Paytm payment bank is India's first bank with zero charges on online transactions, no minimum balance requirement and free virtual debit card.
- Government initiatives since 2014- The government of India has announced various initiatives namely, Digital, Make in India, Start-up India, Skill India and innovation fund. The timely and effective implementation of such programs will likely support the e-commerce growth in the country some of the major initiatives taken by the government to promote the e-commerce sector in India are as follows:
- In order to increase the participation of foreign players in the e-commerce field, the Indian government hiked limit of foreign direct investment (FDI) in the e-commerce marketplace model for up to 100% (B2B model). Under the digital India movement, government launched various initiatives like Udaan, Umang, Start-up India Portal etc. Under the project "Internet Saathi", the government has influenced over 16 million women in india and reached 1,66,000 villages Udaan, a B2B online trade platform that connect small and medium size manufacturers and wholesalers with online retailers and also provide them logistics, payments and technology support, has sellers in over 18 cities of India and delivers to over 500 cities.

IV. CHALLENGES OF E-COMMERCE IN INDIA

India has less credit card population, lack of fast postal services in rural India. Accessing the Internet is currently hindered down by slow transmission speeds, frequent disconnects, cost of Wireless connection and wireless communication standards over which data is transmitted. High-speed-bandwidth Internet connection not available to most citizens of the nation are an affordable rate. In India, mostly people are not aware about the English language or not so good in English language. So that for the transaction over internet through electronic devices, language becomes one of the major factors to purchases, hire and sell a particular product or services. Multiple issues of trust in e-commerce technology and lack of widely accepted standards, lack of payment gateways, privacy of personal and business data connected over the internet not assured security and

confidentiality of data not in place to deploy ubiquitous IT infrastructure and its maintenance.

V. CONCLUSION

The e-commerce industry has been directly impacting the micro, small and medium enterprises (MSME) in India by providing means of financing, technology and training has a favourable cascading effect on other industries as well. The Indian e-commerce has been on an upward growth trajectory and is expected to surpass the USA to become the second largest e-commerce market in the world by 2034. Technology-enabled innovations like digital payments, hyper-local logistics, analytics-driven customer engagement and digital advertisements will likely support the growth in the sector. The growth in the e-commerce sector will also boost employment, increase revenues from export, increase tax collection by exchequers, and provide and provide better products and services to customers in the long term.

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