

## E-commerce and its emerging trends of E-commerce in India

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**Abstract:** This paper talks about the e-commerce & its emerging trends in India. From this paper we find that government has taken many initiatives to improve the condition of e-commerce sector. People are now familiar of using online services like e-banking, e-health, e-education etc. Here in the research paper we studied the relation between Information technology and e-commerce. Informational technology has the potential to increase the growth in e-commerce (today everyone is using online services because of Reliance's 4G). Electronic commerce (e-commerce) as part of the information technology revolution became widely used in the world trade in general and Indian economy in particular. With advancements in technology, there have been changes in the methodology for business transactions. This paper was reviewed & explained with the help of secondary data available through various journals, magazines, previous research papers. Through this paper I want to show the major issues and challenges related to e-commerce, various trends in e-commerce, development in the sectors and its limitations.

**key words:** E-commerce, India, Internet, Online

**Introduction:** E-commerce is buying and selling goods & products over the internet. The

first company to use the term E-commerce was **IBM in 1997**. The first e-commerce site in India

was **Rediff.com**. It was one of the most trafficked portals for both Indians and non-residents Indian. The first occurrence of the term e-commerce dates back to the early 1970s where it was primarily referred to a process of electronic data exchange for sending business documents such as purchase order & voices electronically. Now, the meaning of the e-commerce has changed completely. People are readily purchasing goods over the internet and also utilizing services through secure connection and electronic payment services. Major Indian portal sites like Naykaa, univercell.in, futurebazaar.com etc have now shifted towards the medium of e-commerce instead of using traditional method. Due to its enormous benefits, this style of trading has grown exponentially well in developing countries. E-commerce offers considerable opportunities to developing countries like **India, Thailand, Malaysia etc.**

### Objectives of the study

To study the concept of E-commerce

To analyse the present trends of E-commerce in India

To study the various challenges faced by E-business players in India

### Literature Review

E-commerce is the electronic network with the objective to simply and fasten all the phases of business process. **Irantal and Huseynov (2018)** is the process of carrying out the commercial, governmental and personal activities with aid of electronic channels and telecommunications networks that includes a wide range of processes involving searching, sharing information and data exchange between 2 or more parties. **Khan (2016)** also explained that e-commerce as the process of buying and selling of goods via the internet, compare prices or analyse the latest products on offer before making a purchase online or at a traditional store. In today's world e-commerce plays a very important role. It is widely used by consumers since they are available 24 \*7 days in a week. Now a days in this busy schedules people prefer online platform as it saves their time and they get everything on their doorstep. Stuck long hours in traffic, lack of adequate roads and parking space in the malls and stores, consumers are preferring online shopping over going to stores. People can buy things of their choice from their offices or homes by clicking a mouse button and things get delivered within their choice of place. **Sijoy Syriac (2016)** explained about the rise of e-commerce and its subsequent impact on the Indian retail market.

He researched on the market of Pakistan, Turkey, United Kingdom and compared to the Indian market. He found that online shopping in India is growing at a rapid pace however, it is yet to reach at a global standard. The shopping trends and factors affecting consumer's behaviour is somewhat similar to Pakistan and turkey. However, the popularity and market penetration is far lesser than that of the United Kingdom.

**Amhadullah Noori (2019)** The author explained that there are so many factors that influenced the trust and satisfaction of customers like security, perceived privacy, quality of product & service, information quality etc. The author conducted ANOVA test through which she had found that perceived security, perceived privacy, service quality, are some of the major factors that determine e-commerce consumer & trust.

**Kumar Anuj, Fahad Faya& Namita Kapoor (2018)** This paper discussed about the impact of e-commerce on Indian economy. The paper highlighted that in India, there are various factors that are affecting the use of e-commerce like internet penetration, smart phone penetration, demographic profile & gender distribution etc. The researcher also concluded that in 2015, 18.2% of India's overall population owned a smartphone that is around to be 39% by 2019. Internet penetration has increased from 429.23 million 2017 to 829

million 2021. Since 2019, government of India has announced various initiatives namely: Digital India, Make-in-India, Start-up India, Skill India. The author found in the research that there is a negative relationship between unemployment and e-commerce growth.

**Namita Chopra, Aayush Dalmia & Kashish Malhotra (2018)** They mentioned in the paper that e-commerce has an impact on both the business as well as the customer. E-commerce platform provides access of global market to business the customers. But at the same time there is a challenge of new technology which is needed to provide good quality services to the customer. E-commerce model opens up the business to new competitors across the world .so it has to be made sure that the products & services should be of good quality & at cheap price.

**Harjeet Kaur & Daljeet Kaur (2015)** In this paper the author explained that E-commerce offers various types of benefits like cost effectiveness, quick comparison of products, easy way of shopping, better customer service etc. online services like banking, ticketing includes airlines, bus, railways and hotels etc. have provided tremendous benefits for the customers. It not only provides benefits to customers but also to retailers and wholesalers. They can take the advantage by establishing the contract with the reputed producers and linking their business with on-line platform. Retailers

can also get benefitted through this platform by getting orders digitally and get in touch with customers 24\* 7 digitally. (**Anand Prakash 2018**) he mentioned in the paper that in 2013, the e-retail segment was worth US\$ 2.3 billion. According to google there were 35 million online shoppers in India in 2014 Q1 and in 2016 100 million users. By 2020 India is expected to generate \$100 billion online retail revenue.

### **Methodology:**

The study is a descriptive in nature. The data collected from the secondary source of information like internet, periodicals, research report, survey reports conducted by various reputed and reliable organizations. By using these information we are trying to come up with some assumptions and recommendations.

### **Recent trends in e-commerce:**

- ✓ The e-commerce has transformed the way business or trading would have been done in India. According to the research, it has been estimated that the Indian e-commerce is expected to grow **US\$ 200 billion by 2026** from **US\$ 38.5 billion** as of **2017**. It has also been observed that due to increasing internet and mobile penetration, the e-commerce industry growing rapidly. In India total internet users increase to **829 million by 2021** from **636.73 million** in FY19

because of ongoing digital transformation in the country.

- ✓ India's internet economy is anticipated 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% the highest in the world.
- ✓ It is to be expected that Indian e-commerce market grow to **US\$ 200 billion by 2026 from US \$ 38.5 billion in 2017** because of rising smartphone penetration, the launch of **4G** networks and increasing customer wealth.
- ✓ Online retail sales in India is forecasted to grow by **31% to touch US\$ 32.70 billion in 2018, led by flipkart, Amazon India & paytm mall.**

**Some of the major developments in the Indian e-commerce sector are as follows:**

- ✓ In the union budget of 2020-21, government has allocated **RS 8000** crore to Bharatnet project, to provide broadband service to **150000** gram panchayats. The main objective is to facilitate the delivery of e-governance, e-health, e-education, e-banking, internet and other services to the rural India.

- ✓ Reliance to invest **RS 20,000 crore (US\$ 2.86 billion)** in its telecom business to expand its broadband and e-commerce presence and to offer **5G** services.
- ✓ As of June 2018, Google is also planning to enter into the e-commerce space by November 2018. India is expected to be the first market.
- ✓ Reliance retail is going to launch online retail this year. It has already launched its food and grocery app.
- ✓ Google and Tata trust have collaborated for the project "Internet Saathi" to improve internet penetration among rural women in India. This initiative will help the women of the village to pursue their talent and live their lives well.

**Every aspect has two sides of a coin. If e-commerce carries plenty of advantages then on the same side it has some limitations as well**

Product suitability, Lack of touch or feel of products during online shopping is a major drawback, Safety issue, Malfunctions or mismatching of the products

**Some of the major challenges that have been faced by Indian companies in e-commerce sector. Few of them are described below:**

**Platform neutrality:** There are several sellers and restaurants raised concern against platform

neutrality. Most of platforms have their own private label products and these being in competition with other brands in the same categories like Amazon does. A set of platforms have “preferred sellers” who are enjoying preferential treatment. The issue that has come to the force is that when the online platforms serve as both a market place and competitors. Due to this, platforms have the incentive to leverage their control over the platforms in favour of their own/preferred vendors or private label products to the disadvantage of other sellers/service providers on the platforms. Platforms act as intermediary role which allows it to gather all the relevant data like price, demand pattern etc.

**Platform to business contract terms:** The issue that the business users of platforms have raised is the alleged exploitation of superior bargaining position by the platforms by the way of imposition of “unfair” contract terms. The platforms modified the contract according to their convenience that harms the business interest of the sellers/service providers. This has created an environment where the trust of business on platforms is undermined and they can’t expect to have a sustainable relationship with platforms. There is no standard contract that is made available to all business users by a platform. It is a like one-sided contract.

**Platform price parity clause:** This clause restricts the seller/service providers to offer the

goods & services at a lower price on the platform. This restriction is imposed by the platforms.

### Observations

**Platform neutrality:** It is observed that lack of transparency is the reason for distortion of the competition on the platform. To solve this problem, we must increase the transparency in these areas to reduce the information asymmetry, which in turn can positively influence the competition not only on the platforms but also between the service providers. Making more information available on the research ranking criteria, review and rating mechanisms will thus help to address the concern of the business users of platforms to some extent.

**Platform-to-business control terms:** The issue of such an environment of conflicts & mistrust is not good for realising the full potential of digital commerce. In order to maintain the trust and sustainable relationship with the business users, the platforms should impose the fair contractual terms like if any dominant enterprise impose unfair conditions or price then section 4 act will apply, There should be a proper discount policy framework on the platform and should be a proper committee to resolve the conflicts.

**CONCLUSION:** As it has been observed from the research that e-commerce market has a great potential for developing economies like India. Still enterprises of India losses control over its own companies (Walmart takeover flipkart which was an Indian company). The reason behind this is that the companies don't get enough financial support from the government as well as technical support. There is also a major difference between India and the other countries in the shareholding rights (like Flipkart had different shareholding rules when it was an Indian company). The government has made many amendments to solve these problem like foreign country can invest only upto 49% in inventory model through FDI and if they want to invest 100% in inventory model then the products should be made-in-India ,The government also mandated that no platform should have more than 25% of its sales coming from a single seller and also provide a forum for consumers (central consumer protection authority) to register against the fraudulent activities etc.

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