

# E-Commerce Can Boost Up Indian Economic Growth

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## **Abstract:**

E-commerce is highly associated with modern business world. This is the age of digitalization, people become highly internet and mobile friendly in day to day life. Business world also changes its form into electronic media based manner. Indian business has significantly changes its route from traditional business to e-business. By the means of e-commerce, the business crossed the domestic boundary and reached into global platform. E-commerce has not only contributed significant economic strength to Indian economy but also widened the opportunity of global trade for India.

## **1. Introduction**

E-commerce is a boon in the modern business. E-commerce means electronic commerce. E-commerce (Electronic commerce) involves buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, predominantly the Internet. E-commerce (Electronic commerce) is a paradigm shift influencing both marketers and the customers. Rather e-commerce is more than just another way to boost the existing business practices. It is leading a complete change in traditional way of doing business. This significant change in business model is witnessing a tremendous growth around the globe and India is not an exception. A massive internet penetration has added to growth of E-commerce and more particularly start-ups have been increasingly using this option as a differentiating business model. Moreover, E-Commerce has significant influences on the environment. Although the model is highly used in current business scenario but the option has not been explored at its fullest.

Practically e-commerce in India started becoming popular when the internet users and smart phone sales was gaining prominence. But over the years there is no doubt the e-commerce has become popular among roughly 30% of the population living in the cities but due to limited scope of product variety and standardization the sale through e-commerce is not increasing at faster pace. Only limited but branded items are on sale because of the limitations of selection and reassurance to customers that their buying is cost saving with a priory condition that after sale service and product quality is guaranteed by e-commerce. The growth of e-commerce is dependent on factors like the financial literacy, standard of living, nature of habitation, payment system i.e., digital vis-à-vis cash and more importantly on up-scaling of manufacturing enterprises. It appears that daily used products are least common in the e-commerce mode and only the most branded and customized but with standardization are more popular on e-commerce mode.

COVID-19 pandemic has turned the whole world in an unpredictable situation. Normal life has been disrupted due to Covid-19. As a result, business world has changed dramatically with the distinctive rise of e-commerce whereby business transactions are undertaken remotely and in digital form.

## 2. Literature review of proposed topic

Khosla and Kumar (2017) in their analytical report mentioned that some of the trends expected to come in near future in e-commerce can be growth in omni channels, niche businesses, mergers and acquisitions, tapping more rural markets, rise in internet marketing, focus on services, rise in digital payment modes, better infrastructure and supply chain management.

Shatter, M., (2016) suggested that proper knowledge and understanding of legal framework and possible issue and risk management is required for businesses these days. The growing e commerce in India has attracted the attention of global players too. With the increase in SMEs, FDI and MNCs more and more employment opportunism are granted to consumers, thereby increasing their buying capacity.

Goele, S., Chanana, N., (2012) mentions in their study that some of the industries like Travel and tourism, electronic, hardware products and apparel are going to boom in the coming future with the help of e-commerce. Some of the factors which will contribute to this growth are M-commerce, replacement guarantees, different payment modes, logistics and shipment options, product quality standards, customer care services.

## 3. Gaps to the existing research

The e-commerce industry is highly fragmented with respect to varied product lines. The present study is an attempt to compare the present buying methods with online method.

## 4. Statement to proposed problems

The current research has been undertaken to describe the scenario of E-Commerce, analyse the trends of E-Commerce. The study further examines the key variables imperative for the success of E-commerce business models. This research basically will be highlighted the points that how Indian economy can get a proper ladder of development to hold E commerce platform.

## 5. Scope of research work

There are three categories of e-commerce depending on who is involved in the process. These are:

- **B2B – Business to Business:** When both the buyer and the seller are business entities, then their transaction is called business to business commerce. Entities such as manufacturers, traders, retailers come within this category.
- **B2C – Business to Consumer:** As in any traditional retail situation, a B2C model involves a business selling to an end user through an electronic medium.
- **C2C – Consumer to Consumer:** E-commerce has helped revived a version of the barter system where consumers are able to sell each other items that they own. Online auction sites and advertising portals are examples of this type of e-commerce.

### Types of E-commerce Activities



Under the e-commerce umbrella there exist a variety of activities. These include:

- **Online Shopping:** A prevalent example of e-commerce is shopping via the internet. Virtual stores are created online, often boasting more variety of choices than are available at physical stores. There are also stores that exist only online, and benefit from the lack of investment into physical infrastructure. You can use Shopify or Shopify alternatives to launch your ecommerce business. And you should read our Shopify vs Amazon FBA guide.
- **Electronic Payments:** Payment systems for utility bills, phone, cable and internet bills, as well as online shopping are an important aspect of e-commerce. Here, security needs to be ensured regarding credit card and personal information.
- **Virtual Auctions:** One version of e-commerce is the online auction popularized by eBay. These websites offer customers the benefit of selling to others at the best possible price.
- **Internet Banking:** E-commerce has allowed many people to forego frequent visits to the bank and instead perform their regular banking activities online via secure banking services.
- **Online Ticketing:** Ticketing for almost all types of activities is now done online. This include travel ticketing such as air travel, bus and trains, as well as tickets for entertainment and sports events. This allows people to avoid queues and just go on the day of the event.

### Distribution Modes

As mentioned earlier, there are different ways in which e-commerce retailers offer their services. These can be defined as the pure-click, bricks-and-clicks and click-to-brick retailers.

- **Pure-Click:** These are retailers which only sell through an online location and have no physical storefronts.
- **Bricks-and-Clicks:** These are retailers that have both physical and virtual store locations.
- **Click-to-Brick:** These are retailers who began as online stores but eventually expanded to a physical location as a supplement to their online enterprise.

The effects of e-commerce are already appearing in all areas of business, from customer service to new product design. It facilitates new types of information-based business processes for reaching and

interacting with customers like online advertising and marketing, online order taking and online customer service. In now days E-commerce uses the WWW at least some point in transaction lifecycle. It can also reduce costs in managing orders and interacting with a wide range of suppliers and trading partners, areas that typically add significant overheads to the cost of products and services. For developing countries like India, e-commerce offers considerable opportunity. In India it is still in nascent stage, but even the most-pessimistic projections indicate a boom. There has been a rise in the number of companies' taking up e-commerce in the recent past. Major Indian portal sites have also shifted towards e-commerce instead of depending on advertising revenue. Many sites are now selling a diverse range of products and services from flowers, greeting cards, and movie tickets to groceries, electronic gadgets, and computers, etc. India's e-commerce market is likely to touch \$38 billion mark in 2016, a massive jump over the On the other hand, mobile commerce (m-commerce) is growing rapidly as a stable and secure supplement to the e-commerce industry. Shopping online through smartphones is proving to be a game changer. It is believed that m-commerce could contribute up to 70 per cent of their total revenues.

## **6. Relevance of research work**

This is an era of digitalisation and as well as Covid'19 pandemic situation leads our life in different dimensions. People are now more habituated in dealing with E-commerce platform. Indian economy can be flourished by the development of E commerce in large extent.

## **7. Significance of proposed problems**

A growing number of firms in various industries, such as banking, education, commerce, and tourism, etc. have improved their services by both incorporating technologies into their service delivery process. Integration of technology in services is becoming very common; however, very little academic research has been conducted to examine its influence. The issues related to E-commerce are also on the rise which is posing serious threat to its tall future and hence demands right strategies on part of marketers.

## **8. Objectives of proposed research**

1. To understand the present status and trends of E-Commerce
2. To reveal the key variables influencing the increased usage of E-Commerce.
3. To examine the main products dealt on e-commerce
4. To make out the length of supply chain.
5. To study the pattern of investment in e-commerce.

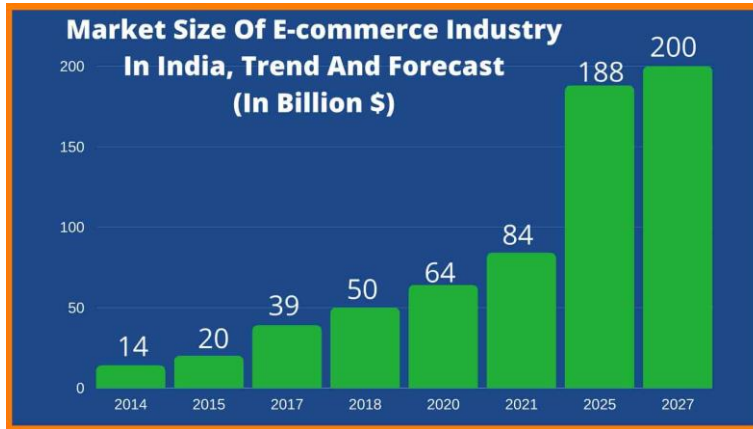
## **9. Hypothesis/ Assumptions**

The long supply chain is beneficial to large base of consumers India's e-commerce market is likely to touch \$38 billion mark in 2016, a massive jump over the

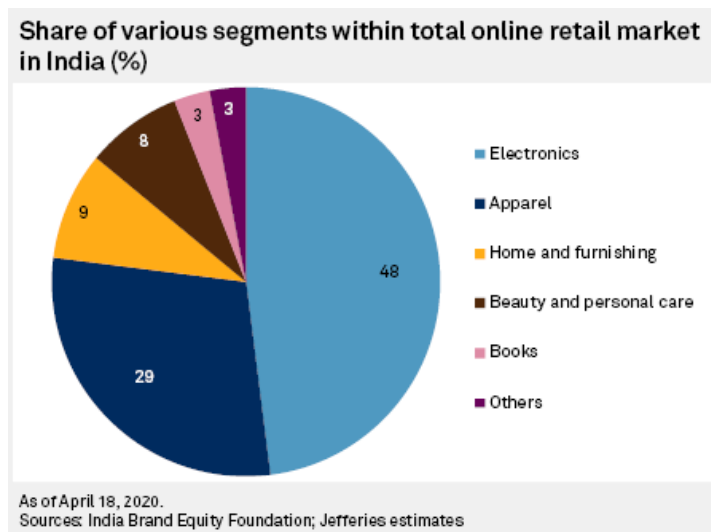
## **10. Research methodology**

The nature of products dealt on e-commerce is available from secondary sources. The growth of e-commerce in cities is also available from secondary sources. The government norms for the investment by foreign investors should be examined to reach at the conclusion whether brick and mortar stores face

some heat due to direct investment which itself is responsible for keeping the cost low and high bargain power by the high end investors.



Urban India has more than 390 million internet users (as of Dec.2018) out of 444 million population (as per 2011 census). While rural India, which has estimated 906 million population, has more than 213 million users of internet as per the data till Dec. 2018. Consumers residing in Tier 2 and Tier 3 cities have high aspirations for branded products, but have comparatively limited access. Hence, e-commerce is highly targeting consumers from these cities.



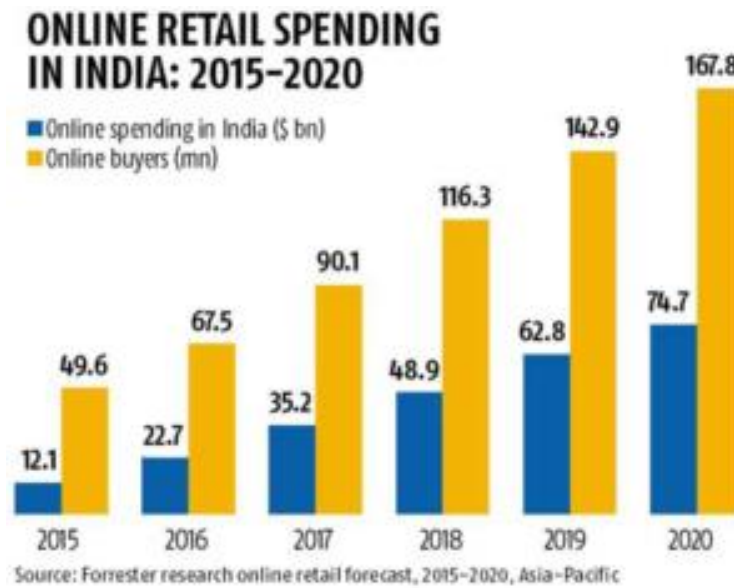
Consumer & Electronics industry seems to be contributing majorly in this industry, with nearly 48% of the share. Apparel industry is second most contributor with 29% share. While the rest 23 % catering to others like beauty, personal care, baby products, home furnishing, books etc.

The research works on E-commerce propose good number of variables to be taken care of if marketers need to be successful in this newly business model. The factors which will significantly contribute to the success of the E-Commerce industry and focused upon should be consistency of transaction steps, consistency of Web site design, replacement guarantee, M-Commerce services, consistency of promotions, consistency of in-stock indications, consistency of product variety, location based services, multiple payment option, right content, shipment option, legal requirement of generating invoices for online transactions, quick Service, T & C should be clear & realistic, the product quality should be same as shown on the portal.

The important feature in ecommerce is privacy which not only increases competitive advantage but confidence level of the customers. The researches also suggest 18-35 as the good customer age to be promising and to be targeted irrespective of gender for better results. Social media may be a boon for brands and marketers looking to reach target buyers without wasting big bucks on traditional media, but luxury brands have recently found it challenging as unauthorised sellers are luring buyers, most of who fall in to the temptation of getting discounts of up to 50-70% have cropped up using platforms like Facebook, Instagram, Twitter and WhatsApp. Firms must closely monitor such accounts and spend money on legal checks controls. In a marketplace model, the ecommerce firm provides just the technology platform while sellers on the site own the inventory. Most E-commerce companies have call centres to connect with customers, the pressing need is the initiative to set up call centres to deal exclusively with merchants as increasing the number of sellers in a marketplace becomes the next battlefield in the E-Commerce. The need is 24/7 call centres should be dedicated. The e-commerce industry participants must also understand and address the cultural issues that are unique to the target country and relate to off-site transactional process, the large-scale diffusion and success of such endeavours will be greatly impeded. E-Commerce firms must also find most effective ways to combine the online relationship with the offline relationship, with the idea that the full relationship with the customer is not complete without considering both online and offline, as well as how they interact.

### **11. Expected outcome**

It has been observed that e-commerce has got joint probability distribution with the density of the city, nature of the product and whether the digital mode of payment is available or not. If the city is densely populated that any customer would like to buy the particular product provided, he is already sure to buy it is hardly 1/10. The customer has got digital mode of payment is 1/20 and the nature of the product likely to be selected the probability is 1/50. Therefore, all the factors taken together the joint probability is 1/1000. The e-commerce has gained prominence in the last ten years because of the younger age group preferring to hold the plastic money or digital payment system. The currency notes are preferred as the last option by the well-off customers. The standardization of the products or standard sale in India is hardly 5%. Recently the sale through e-commerce has increased in electronics goods, apparel and beauty products from standard manufacturer and branded products. Once the product is standardized and customized in terms of configuration and size, placing the order for the product with 100 percent confidence is more authenticated than if the same customer goes to the retail store and there is no logic of going there unless he has decided to waste time and end up in purchasing the product of second and third order. Now coming to present scenario, after Covid'19 situation people are mostly habituated in digital mode of purchasing somewhat by choice as well as by situational factors. Last year in lockdown situation also people could avail the benefits of digital platforms



## 12. Plan to work

Factors driving e-commerce growth in India:

- Cashless digital transactions
- Increased investments of big retail brand in logistics, wholesale retail and market share expansion.
- Increased B2B e-commerce.
- Internet content available in local languages with the help of artificial intelligence.
- Growth of consumer demand in non-metro cities.
- Growth of online retailer's warehouses and logistics.
- Rise in mobile commerce.

## 13. References and bibliography

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## 14. Chapter scheme

- Introduction
- Literature review of proposed topic
- Gaps to the existing research
- Statement to proposed problems
- Scope of research work
- Relevance of research work
- Significance of proposed problems

8. Objectives of proposed research

- To understand the present status and trends of E-Commerce
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9. Hypothesis/ Assumptions

10. Research methodology

11. Expected outcome

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