

PATTAMUNDAI COLLEGE, PATTAMUNDAI



A PROJECT REPORT ON E-COMMERCE INDUSTRY IN INDIA

A PROJECT SUBMITTED TO PATTAMUNDAI COLLEGE
PATTAMUNDAI IN PARTIAL FULFILMENT OF THE REQUIREMENTS
FOR THE +3 FINAL YEAR COMMERCE IN SIXTH SEMESTER 2021

Under the Guidance of :-
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**DEPARTMENT OF COMMERCE
PATTAMUNDAI COLLEGE PATTAMUNDAI
SESSION- 2020-2021**

REPORT

A project on "*E-commerce industry in India* " was undertaken by student of department of Commerce during the month of March in 2021. 32 nos. of students participated in the project work. They collected materials from secondary sources i.e Internet , Central library and departmental library of the college. The project work was supervised by Mr. Ranjan Kumar Behera . After completion of the project students presented their report before the external and internal examiner.

Ranjan Kumar Behera.
SUPERVISED BY

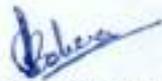

HOD, COMMERCE

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1. Introduction

The cutting edge for business today is e-commerce. E-Commerce stands for electronic commerce. It means dealing in goods and services through the electronic media and internet. On the internet, it relates to a website of the vendor, who sells products or services directly to the customer from the portal using a digital shopping cart or digital shopping basket system and allows payment through credit card, debit card or EFT (Electronic fund transfer) payments. E-commerce or E-business involves carrying on a business with the help of the internet and by using the information technology like Electronic Data Interchange (EDI). More simply put, E-Commerce is the movement of business onto the World Wide Web. E-Commerce has almost overnight become the dominant online activity. There is no single definition of E-Commerce, it means only commercial activity which is performed or linked to or supported by Electronic Communication. 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. With stock exchanges coming online the time for true e-commerce in India has finally arrived.

2. Rationale of study

Electronic Commerce (E-commerce) seems to be everywhere these days. It's nearly impossible to read a magazine or newspaper without coming across an article about how e-commerce is going to change and affect our lives. It is widely accepted that e-commerce and Internet technologies can benefit an organization but still there are very few studies about e-commerce adoption in India. In addition to that, there isn't any detailed recent study about of e-commerce in India incorporating latest factual data and trends relating to its various aspects at all. So, we have proposed to study this area to investigate the extent of India's involvement with e-

extent of India's involvement with e-commerce applications, its detailed conceptual framework, evolution, stories of top Indian players in this field and find a set of guidelines or recommendations on the best practices of e-commerce adoption which might help the Indian e-commerce firms.

3. Objectives of the Study: The objectives of present study are:

1. To understand the evolution of E-Commerce
2. To describe the conceptual framework of E-Commerce in India;
3. To analyse the present trends of E-Commerce in India;
4. To examine the barriers of E-Commerce in India.
5. To predict future of E-commerce

4. Research Methodology

I have reviewed the academic literature to gain insight into "E-Commerce in India". So, various articles, journals, books, websites etc. have been used to study the evolution, conceptual framework, definitions, key players, present trends (relating to internet penetration, growth prospects, modes of payments preferred etc.), future prospects and barriers of E-commerce.

All the data included is secondary base and proper references have been given wherever necessary.

5. Review of Literature:

Keyword search on "E-Commerce adoption in India" "e-business in India" "E-Commerce and India" and "e-business and India" in various databases like EBSCO, ProQuest, and Emerald Management Xtra found the following ten E-Commerce/e-business research articles done in Indian context

Raven et al. compared India and China's approaches in adoption of e-business. Based on the literature survey and secondary data, the study analysed various factors influencing the growth of e-businesses in the two countries. The factors examined include government policy and focus, existing technology infrastructure regulatory environment, experience and understanding of business operations, and culture, among others. The study concludes that China appears to be ahead of India in the infrastructure, but India is ahead in e-readiness. Further, it states that both countries are poised for rapidly increasing e-business, however, problems of poverty and inequality between urban and rural connectivity must be resolved to really take advantage of e-business in both the countries.

Malhotra and Singh studied the determinants of Internet banking adoption by banks in India. Panel data of 88 banks in India covering the financial years 1997-1998 to 2004-2005 was collected through CMIE (Centre for Monitoring Indian Economy) database. Logistic regression analysis was used, the dependent variable is categorical with a value of 1 if a bank

adopted Internet banking during the study period and 0 otherwise. Independent variables included in the study are firm size, firm age, bank deposits ratio, average wages, expenses (fixed assets & premises), ROA (ratio of average net profits to average assets), market share, average number of branches, percentage of banks adopted Internet banking. The results of the study prove that Bank type (Private), firm size, bank deposits ratio, firm age, market share, average number of branches, percentage of banks adopted Internet banking and expenses, are found to be significant in adoption decision. Wage and ROA are found to be insignificant. This study contributes to the empirical literature on diffusion of financial innovations, particularly Internet banking in Indian context. Most of the study on adoption of technology was related to developed markets like US and Europe, this study is an important contribution to evolving literature as it dealt the problem of technology adoption in developing country context.

Study by **Tarafdar and Vaidya** examined the factors that determine the organizational inclination to adopt E-Commerce (EC). The study proposes a framework based on the qualitative data on four financial firms in India collected through multiple case study design. Face to face interview was used to collect primary data and existing database, company documents, press reports and websites are used to collect secondary data. The framework describes two broad factors—leadership characteristics and organizational characteristics—to explain the influence of organizational factors on the propensity to employ EC technologies. The study found that both leadership and organizational characteristic influence EC adoption. It establishes that leadership characteristics influence adoption of EC technologies in centralized organization and organizational characteristics influence EC adoption in de-centralized organization. The study also found that characteristics of Information Systems professional and organization structure influence EC adoption.

Another study by **Tarafdar and Vaidya**, analyses organizational and strategic imperatives that influence Information System (IS) assimilation in Indian organizations. IS assimilation here refers to the extent to which a system or technology becomes diffused in organizational processes. The study is based on multiple case study method. Data on nine firms which have deployed IS was collected through face to face structured interview involving middle managers, senior managers of IS and other departments. The study examines the nature of the system present—data processing/transaction oriented, operational, strategic—and how these systems affected key operational processes. Strategic imperatives are examined by analysing the environmental factors—presence or absence of government regulation, pressure from customers, suppliers and competitors, and strategic stance—whether product and process changes, and the consequent IS deployment were proactive or reactive. Organizational imperatives were investigated by qualitatively assessing six factors—top management support; IS department knowledge of business, technology and involvement in IS deployment, IT literacy of managers, management style; presence of IT champions and availability of IT resources. Data was analyzed across-case and within-case. The study identifies three categories of organizations—innovative IS users, enlightened IS users and reluctant IS users—with respect to IS assimilation, and describes strategic and organizational factors characteristics of each group. The study also traces the evolution of the IS application portfolio in each of the studied firms and analyses accompanying changes in strategic and organization factors. In short, the paper presents an integrated and first level analysis of strategic and organizational imperatives that have influenced the assimilation and evolution of IS in Indian organizations.

Viswanathan and Pick: examined the issue of e-commerce in India and Mexico from the framework of developing countries as suggested by Tallon and Kraemer. The framework included critical factors that might impact the diffusion of e-commerce. The factors are government policy, legal framework, technology infrastructure, relationship with developed economies and extent of e-commerce usage by individual, corporate and government. The study's primary focus is on India. Mexico is analyzed more briefly, and compared with India based on common international datasets. The analysis and the data presented in this paper represent a synthesis of data from secondary research and data from interviews conducted with senior executives in the IT industry in India and Mexico. The study suggests that substantial efforts have to be made to invest in telecommunications infrastructure, and to create a culture of electronic payments and e-commerce usage that will support economic growth.

Dasgupta and Sengupta: paper on e-commerce in Indian insurance industry discusses the features of e-insurance in comparison with the traditional offline insurance service. The authors put forth that e-insurance offers benefits such as reduction in search cost and hidden cost, price comparison for customers, and benefits such as opportunity to have niche market, first mover advantage and product bundling for insurance companies going online. Further, it discusses that status of e-insurance in India is still formative stage, but stands to gain particularly from the rural markets since the availability of insurance agent is very less compared to urban markets. The study is conceptual in nature and offers insights based on market reports and data from secondary sources.

Vishwasrao Bosshardt: used a theoretical framework developed by Katz and Shapiro (1987) to examine the ongoing technology adoption behavior of foreign owned and domestic firms. Firm level data on 1400 medium to large Indian firms from 1989 to 1993 was used to test the model. Probit and Poisson estimation was used to analyze the data and model. Variables included in the study are no. of collaboration, nature of collaboration—foreign or otherwise, firm age, total assets, total sales, net profit, herfindhal index, R&D expenditures by industry as percentage of sales. Results of the study throw some interesting light on technology adoption behavior of foreign firms. In general, it shows that liberalization happened in India after 1991 has positive impact on technology adoption, but it is found that foreign firms are quick to take advantage than domestic firms. R&D expenditure is found to be not significant for technology adoption, firm size (large firms are more likely to adopt) and age of firm are found to be significant. Also it is found that foreign firms adopt new technology when profits are down, and doesn't adopt technology in competitive markets.

Lal studied the determinants of adoption of Information Technology (IT) in India. The study was based on 59 electrical and electronic goods manufacturing firms situated in NOIDA. Semi-structured questionnaire were used to collect the data. The study examined the factors influencing the degree of IT adoption by firms. The factors included are entrepreneur characteristics measured by entrepreneur's qualification, importance given to market share, R&D and quality consciousness, firm's international orientation factors measured by import and export intensity, work force skill and firm size. The sample firms were divided into four categories depending on their intensity of IT use, these are:

- (1) non-IT firms (firms that do not use IT tools),
- (2) low-level of IT users (firms using only MIS for office automation);
- (3) moderate level of IT users (these firms have adopted CAD/CAM in addition to MIS); and
- (4) high level of IT using firms (firms that have adopted FMS in addition to CAD/Cam and MIS).

Ordered probability model (PROBIT) was used since the dependent variable is categorical and follows ordinal ranking scale. The estimates were obtained by maximum likelihood method. The study found that entrepreneur's qualification, importance given to market share, R&D, export intensity, work force skill and firm size influence the degree of adoption of IT by the firms.

Apart from the studies mentioned above, there are quite handful of research reports and survey based studies done by Internet and Mobile Association of India, IMRB International, Data monitor, and Internet and Online Association which presents with quantitative figures, the status of e-commerce existing in the country.

6. DEFINITIONS OF E-COMMERCE

Many of the implicit and explicit definitions of e-commerce rely on past experience rather than on possible futures. There are various ways to define e-commerce by different people, different books or different parties.

E-commerce is a general term for any type of business, or commercial electronic transaction that involves the transfer of information across the Internet. Or we can say that e-commerce is defined as the use of computers and electronic networks to conduct business with other businesses or with customers over the Internet or another electronic network. Since there are various definitions of e-commerce, the United Nations Conference on Trade and Development (UNCTAD, 2000) has summarized the descriptive definitions of electronic commerce as stated below:-

6.1 Definition by U.S. Executive Office of the President

E-commerce is commercial interaction over the internet, which can lower costs dramatically and facilitating new types of commercial transactions. As the Internet empowers citizens and democratizes societies, it is also changing classic economic paradigms. New models of commercial interaction are developing as businesses and consumers participate in an electronic marketplace and reap the resultant benefits. The Internet has the potential to revolutionize commerce and other areas. The Internet will revolutionize retail marketing. Commerce on the Internet could total tens of billions of dollars by the turn of the century. (UNCTAD, 2000)

6.2 Definition by European Information Technology Observatory

Electronic commerce is the carrying out of business activities that lead to an exchange of value across telecommunication networks. (UNCTAD, 2000)

6.3 Definition by Organization for Economic Co-operation and Development (OECD)

E-commerce refers generally to all forms of transactions relating to commercial activities, including both organizations and individuals that are based upon the processing and transmission of digitized data, including text, sound, and visual images.

(UNCTAD, 2000)

6.4 Definition by European Commission

Electronic commerce is about doing business electronically. It is based on the electronic processing and transmission of data, including text, sound, and video (UNCTAD, 2000).

It encompasses many diverse activities, including electronic trading of goods and services, online delivery of digital content, electronic fund transfers, electronic share trading, electronic bills of lading, commercial auctions, collaborative design and engineering, online sourcing, public procurement, direct consumer marketing, and aftersales service (European Commission, 1998). It involves both products (consumer goods, specialized medical equipment) and services (information services, financial and legal services); traditional activities (healthcare, education) and new activities (virtual malls).

6.5 Definition by Ministry of International Trade and Industry, Japan

“... electronic commerce, which has been limited to a number of specified companies, is entering a new era where many unspecified persons, including general consumers, are involved on the networks. In addition, its contents have come to include not only simple transactions of data concerning placement of orders or order acceptance but also to general commercial acts such as publicity, advertisements, negotiations, contracts, and fund settlements.” (UNCTAD, 2000)

6.6 Definition by Transatlantic Business Dialogue Electronic Commerce White Paper

Electronic commerce, defined simply, is the commercial transaction of services in an electronic format. (UNCTAD, 2000)

6.7 Definition by MIMOS, Malaysia

The researcher has conducted interview with few IT experts from MIMOS Berhad, Malaysia and gets the following definition by them. E-commerce builds on the structures of traditional commerce by adding more flexibility with computerized business transactions using the internet, networks, and other digital technologies.

6.8 Definition by Malaysian International Chamber Of Commerce & Industry

E-commerce is commerce that is transacted electronically over the Internet, such as transact or facilitate the selling of products or services online (MICCI, 2006).

Among all the definitions, the researcher think that the definition by European Commission is the best one as its covers all the scope of e-commerce. In a simple way, the researcher can conclude that the e-commerce is doing business electronically, with the use of electronic transmission mediums (over computer or electronic networks).

7. Evolution of Commerce

Commerce has evolved over the centuries. Prior to the evolution of money it was the simple "barter process" where things could be exchanged, say milk for grains. The evolution of money brought with it, the concept of a "marketplace". In a marketplace, Commerce is function of 4 P's - Product, Price, Place and Promotions. All these four components play a vital role in a transaction to take place. Different combinations of 4Ps determine different forms of Commerce. Once the marketplace came into existence, a few pioneers realised that people would be ready to pay extra if they could deliver products at the customer's doorstep. A slight modification on Price and Place led to the convenience of getting products at their homes. This concept delighted the customers and thus, the concept of "Street Vendors" was born.

When the Postal System came into being the sellers decided to cash in on the new opportunity and started using mailers giving description of their products. It led to the concept of "Mail Order Cataloguing". From here, the evolution of the "Tele shopping" networks was thus inevitable with the development of media vehicles. The latest generation of commerce is one that can be done over the internet. Internet provides a virtual platform where sellers and buyers can come in contact for sale and purchase of goods and services. They can be thousands of miles apart, may belong to different parts of the world, might speak different languages, "E-Commerce" emerged as the boundary-less trade medium in the era of globalization

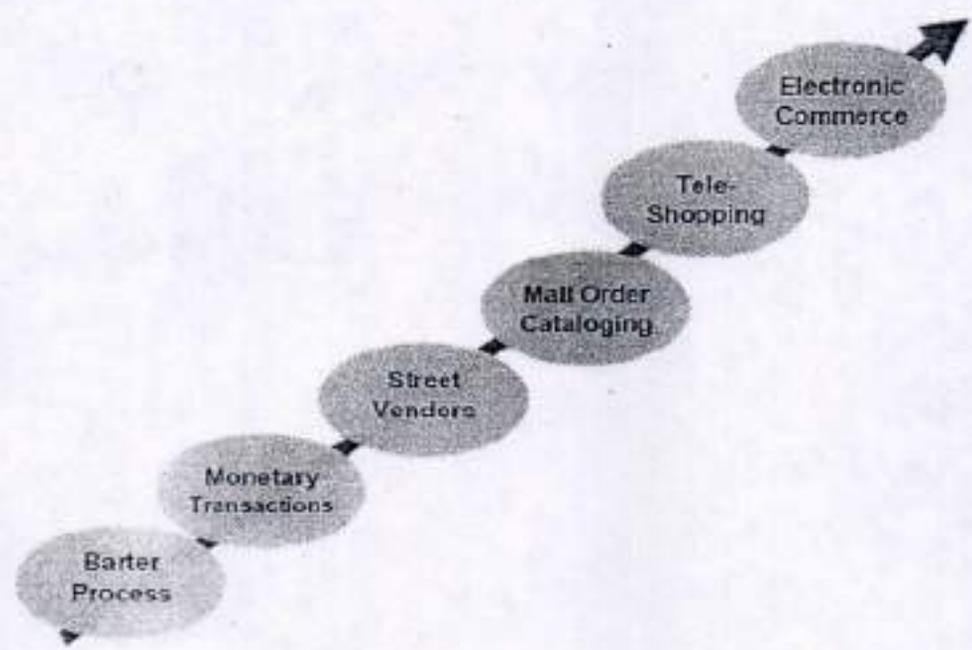


Figure 1. Evolution of E-Commerce

8. Conceptual framework of E-commerce in India Today e-commerce is a byword in Indian society and it has become an integral part of our daily life. There are websites providing any number of goods and services. Then there are those, which provide a specific product along with its allied services.

A. Multi Product E-Commerce

Some internet portals provide almost all categories of goods and services in a single site; hence, they are targeting buyers of every possible product/service. The most popular

examples are www.flipkart.com, www.shopclues.com, ebay.in, www.snapdeals.com, www.indiaplaza.com, www.thebestofindia.com, www.homeshop18.com, shopping.rediff.com, shopping.indiatimes.com and so on. These Indian e-commerce portals provide goods and services in a variety of categories like:

- Apparel and Accessories for men and women
- Health and beauty products
- Books and magazines
- Computers and peripherals
- Vehicles
- Collectibles
- Software
- Consumer electronics
- Household appliances
- Jewellery
- Audio/Video entertainment goods
- Gift articles
- Real estate and services
- Business opportunities
- Employment
- Travel tickets
- Matrimony
- Pets... and more.



B. Single Product E-Commerce Some Indian portals/websites deal in a specialized field, for example

Automobiles:

Examples are: <http://www.indiacar.com/> and <http://www.automartindia.com/>.

On these sites we can buy and sell four-wheelers and two-wheelers, new as well as used Vehicles, online. Some of the services they provide are:

- Car research and reviews
- Online evaluation
- Technical specifications
- Vehicle Insurance
- Vehicle Finance
- Dealer Locator
- Regional Transport Office regulations
- Expert speak
- Message board... and more.

Stocks and shares and e-commerce

In India today, we can even deal in stocks and shares through e-commerce. Some of the sites are: <http://www.equitymaster.com>; <http://www.5paisa.com>.

Some of the services offered to registered members are:

- Online buying/dealing of stocks and shares;
- Market analysis and research
- Company information
- Comparison of companies
- Research on Equity and Mutual Funds
- Tracking Market Trends
- Hotline for advice on Risk Management
- 24-Hour helpdesk...and more.

Real estate and E-commerce:

Portals like <http://www.indiaproperties.com/>, www.99acres.com facilitate online dealing in real estate. They offer either outright purchase or lease of a property through their portal. They provide information on new properties as well as properties for resale. One can deal directly with developers or builders or through consultants and brokers.

Allied services:

- Housing Finance
- Insurance companies
- Architects & Interior Designers
- NRI services
- Property Management Consultants
- Packers & Movers
- Security & Maintenance Services
- Vaastu or Feng Shui Consultants... and more.

Travel & Tourism and E-commerce:

India has a rich history with cultural heritage and e-commerce is instrumental, to a large extent, in selling India as a product, encouraging Indians as well as foreigners to see its multifaceted culture and beauty. A major Government of India portal, <http://www.tourisminindia.com/>, has a vast variety of information for a potential tourist. The tourist destination sites are categorized according to themes like:

- Adventure - trekking, mountain climbing etc
- Eco-Themes pertains to jungles, flora and fauna
- Beaches of India
- Architectural attractions
- Forts and Palaces
- Buddhist attractions
- Hill resorts
- Desert treks
- Pilgrimage sites

Allied services offered are:

1. Passport & visa
2. Travel & accommodation information
3. Weather information
4. Festival & fair dates
5. Shopping
6. Tour Operators
7. Information on Cuisine & Restaurants
8. Car rental services... and more.

There are also sites that highlight the tourist destinations of a specific region in India, like <http://www.incredibleindia.org/>, which covers North East India.

Gifts and E-commerce:

In the bygone days, one had to plan what to gift a loved one, trudge across to your favourite shop, and browse for hours before purchasing a gift. Today there are specific Indian websites making the act of gifting quick and easy to suit ones lifestyle. One such site is <http://www.indiangiftsportal.com/>.

The gifts are categorized as:

1. Collectibles like paintings and sculptures
2. Luxury items like leather goods, perfumes, jewellery boxes, etc
3. Household curios and carpets, etc
4. Toys & games
5. Chocolates
6. Flowers
7. Wood-craft & metal-craft
8. Idols for worship... and more.

Also the items can be searched by different regions of India, as every region has a special style in making handicrafts.

□ Hobbies and E-Commerce:

The most popular hobbies from time immemorial are reading, music and films. On the Indian website <http://www.firstandsecond.com/> one can buy more than 300,000 titles of books, cassettes, VCDs and DVDs.

The books cover a wide range of topics like Business, Art, Cookery, Engineering, Children's Stories, Health, Medicine, Biographies, Horror, Home & Garden, etc.

As for music and videos, they are available in English as well as in Indian languages to cater to the varied tastes and the topics range from devotional songs, old-time favourites and retro and jazz to the latest pop, rap, etc.

□ Matrimony and E-commerce:

It is said that marriages are made in heaven, but in the world of E-commerce they are made on marriage portals like <http://www.jeevansathi.com/> (meaning life-partner.com in Hindi) and <http://www.shaadi.com/> (meaning marriage.com in Hindi). One can search for a suitable match on their websites by region of residence (India or abroad), religion or caste. Once registered with them, they have email facility and chat rooms too, so that the couple gets to know more about each other before making the biggest decision of their lives. Allied services for registered members:

1. Astrological services
2. Information on Customs and Rituals
3. Legal issues
4. Health & Beauty
5. Fashion & Style
6. Wedding Planners
7. Honeymoon Destinations... and more.

□ Employment and e-commerce:

Two major portals like www.monsterindia.com and www.naukri.com (meaning job.com in Hindi) 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. Jobs are available online in fields ranging from secretarial to software development, and from real estate to education. The opportunities offered are unlimited.

9. Presents Trends of E-Commerce in India: India is developing rapidly and if development is to be measured, how can we ignore the role of ecommerce in it. The internet user base in India might still be a mere 151 million which is much less when compared to its penetration in the US or UK but it's surely expanding at an alarming rate. At 151 million total Internet users, the Internet penetration in India remains at 12.6% India now has the 3rd largest

Internet population with 151 million in the world after China at 568 million and USA at 254 million (in 2013). Considering the annual rate of growth 41-43% India is expected to cross 375 million unique internet users by end of 2015. The number of new entrants in this sphere is escalating daily and with growth rate reaching its zenith; it can be presumed that in years to come, customary retailers will feel the need to switch to online business. Insights into increasing demand for broadband services, rising standards of living, availability of wider product ranges, reduced prices and busy lifestyles reveal this fact more prominently thereby giving way to online deals on gift vouchers. Going by the statistics, according to a study by the Internet & Mobile Association of India and KPMG, Indian ecommerce was projected to grow to \$12.6 billion by the end of this year. By 2020, it is expected to contribute around 4 per cent to GDP. Currently, the Internet penetration in India stands at 11 per cent of the population, a third of the world average.

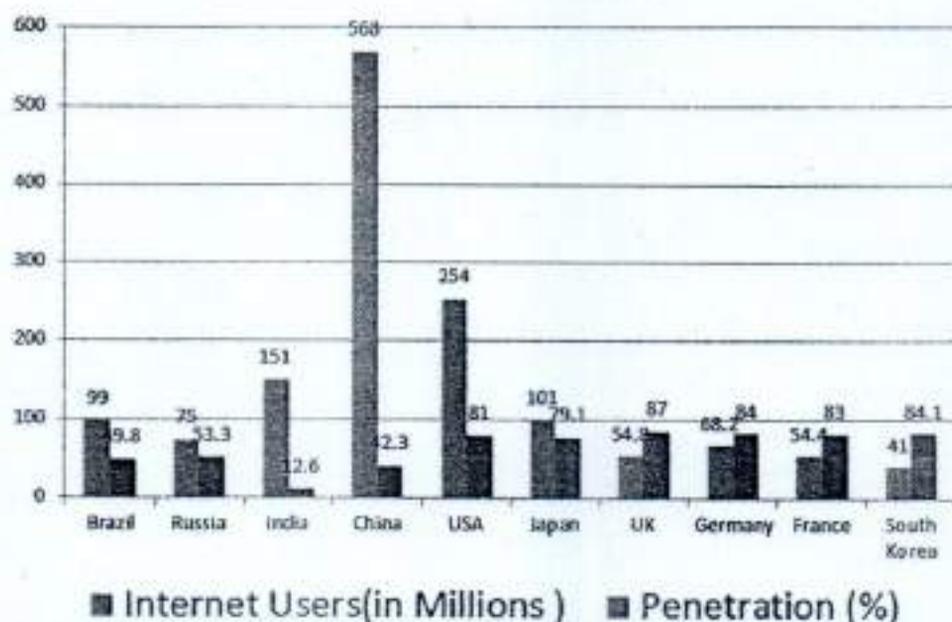
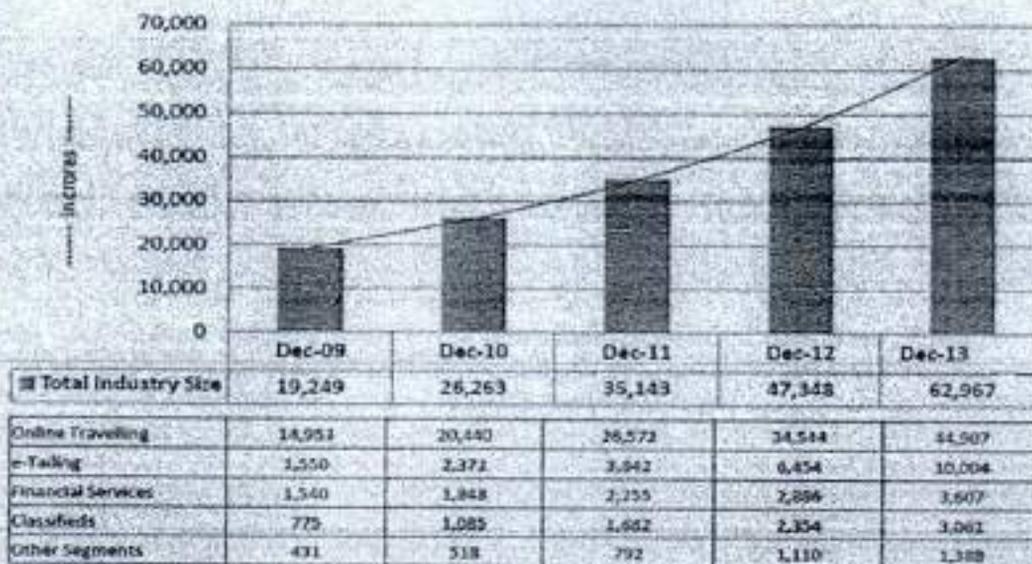


Figure 1. internet penetration in various countries
(source: digitalinsights.com)

The table-1 shows market size of different verticals of ecommerce industry since 2009 to 2013. The growth in ecommerce business clearly implies the growing number of internet users. The online purchases are limited to certain categories like gaming subscription, food delivery, online classifieds, buying movie tickets, travel related purchases and electronics items etc. The growth in ecommerce industry is primarily driven by online travel industry which has contributed 78 % (Rs 14953 crore) in 2009 and expected to touch 72 % (Rs 44907 Crore) in 2013 of total ecommerce market and is building user confidence. The online travel

industry includes sale of domestic air travel, international travel, hotel bookings, railway tickets, bus tickets, tour packages and travel insurance etc. **figure 2:**



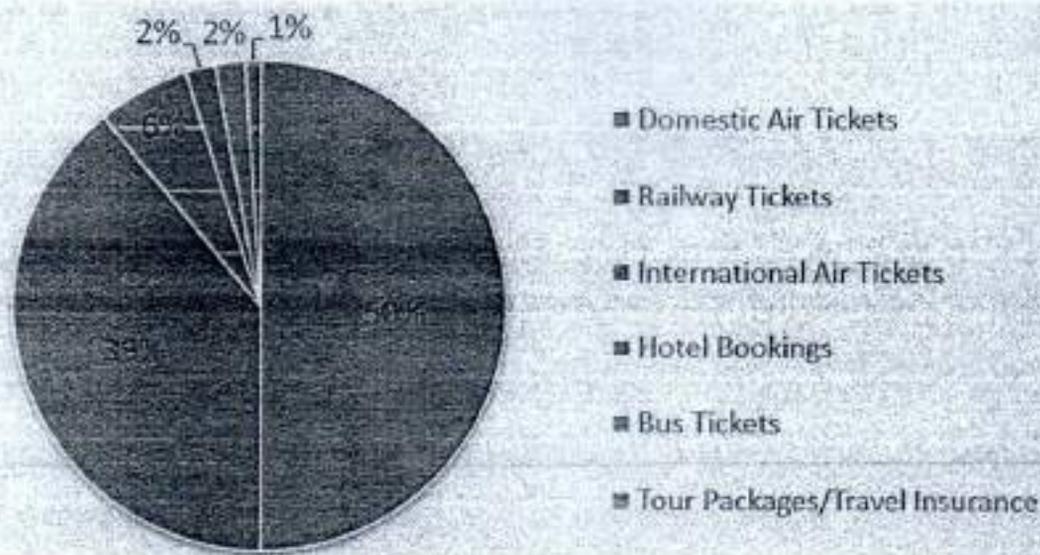
(Source: digitalinsights.com)

Indian Banks too have been very successful in adapting EC and EDI Technologies to provide customers with real time account status, transfer of funds between current and checking accounts, stop payment facilities. ICICI Bank, Global TRUST BANK AND UTI-Bank also have put their electronic banking over the internet facilities in place for the upcoming e-commerce market. Certain unique attributes of the E-commerce industry in India such as cash on delivery mode of payment and direct imports that lower costs considerably are probably going to bring about a speedy growth in this industry in years to come. According to the latest research (The report, titled "Asia Pacific Online Retail Forecast, 2011 To 2016,") by Forrester, a leading global research and advisory firm, the e-commerce market in India is improving between 2012-16. The report revealed that ecommerce revenue in India will increase by more than five times by 2016, jumping from US\$1.6 billion in 2012 to US\$8.8 billion in 2016 (Table-2). While US\$8.8 billion is still less than other countries in Asia Pacific, such as China and Japan, India's CAGR is much higher than any other country that Forrester forecasts in the region.

ONLINE TRAVELLING

Online Travelling has on an average grown by 32% from INR 14,953 Crores in 2009 to INR 34,544 Crores in 2012 and by another 30% to and was valued at INR 44,907 Crores by the end of December 2013. It can be seen from the figure below:

Figure 3. Online Travelling



(Source: digitalinsights.com)

E-tailing:

The e-Tailing category has grown from INR 1,550 Crores in the year 2009 (Jan-Dec 2009) to INR 6,454 Crores in year 2012 (Jan-Dec 2012) and it crossed the **INR 10,000 crore** mark in the year 2013. Its details can be seen in the pie chart:

Figure 4: E-tailing

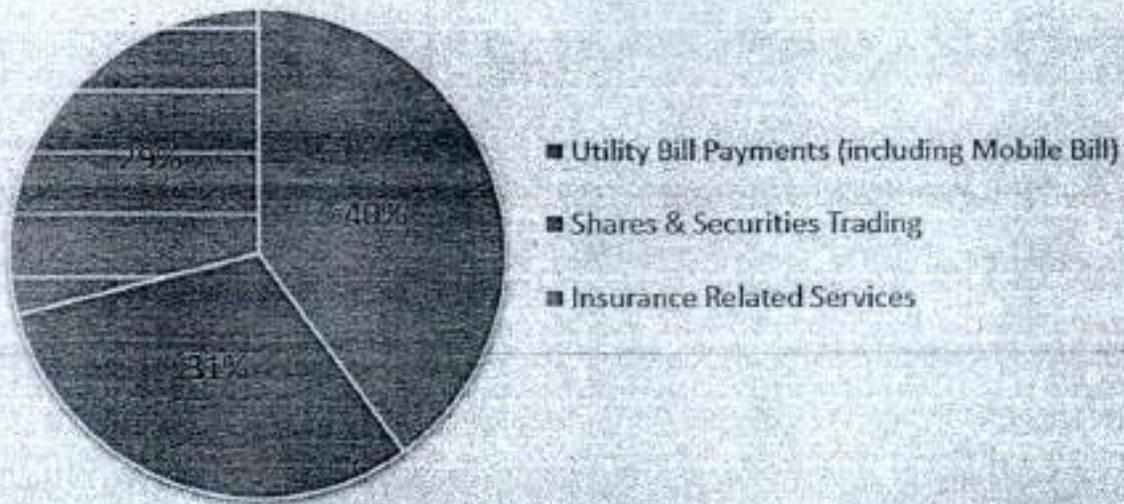


(Source: digitalinsights.com)

Financial services:

Financial services market was valued at INR 2,886 Crores in 2012 and grew by 25% and reached **INR 3,607 Crores** by the end of year 2013.

Figure 5: Financial services

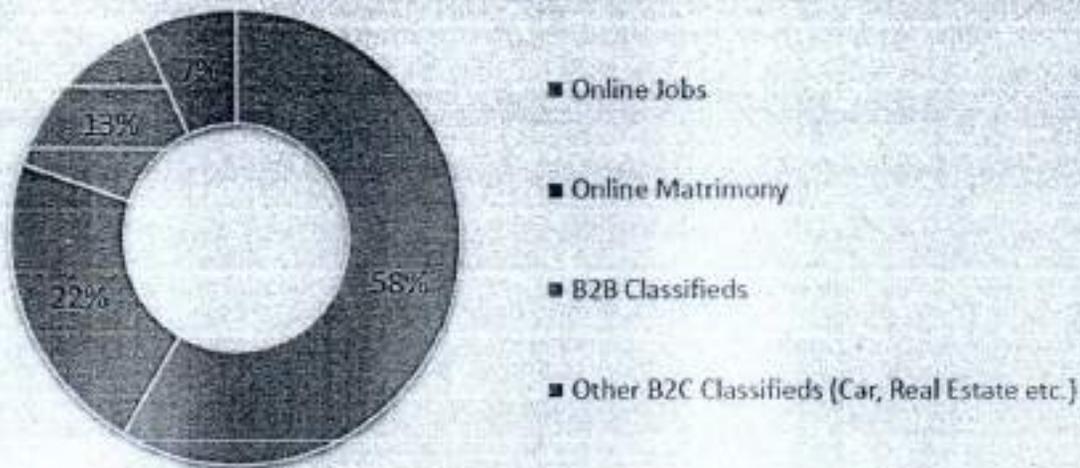


(Source: digitalinsights.com)

Classified:

Classifieds market has seen a significant growth and is estimated at INR 2,354 Crores in 2012 and reached to INR 3,061 Crores by the end of year 2013

Figure 6: Classified

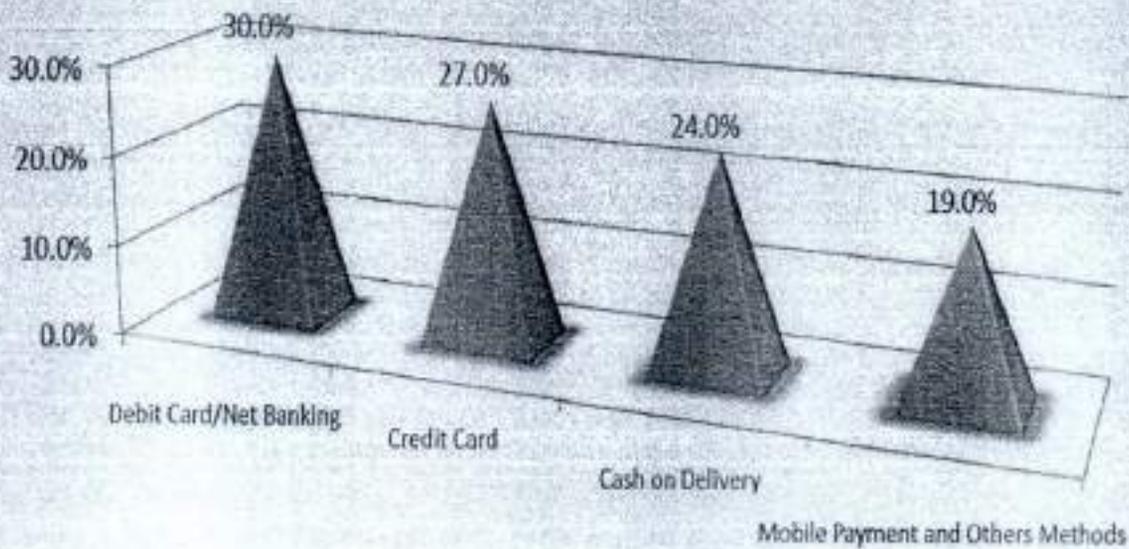


(Source: digitalinsights.com)

Mode of payment:

Majority of the online shoppers use **Debit cards/Internet banking** as their preferred mode of payment for shopping online. Payment through credit cards, follow closely at second position and Cash on Delivery on third position.

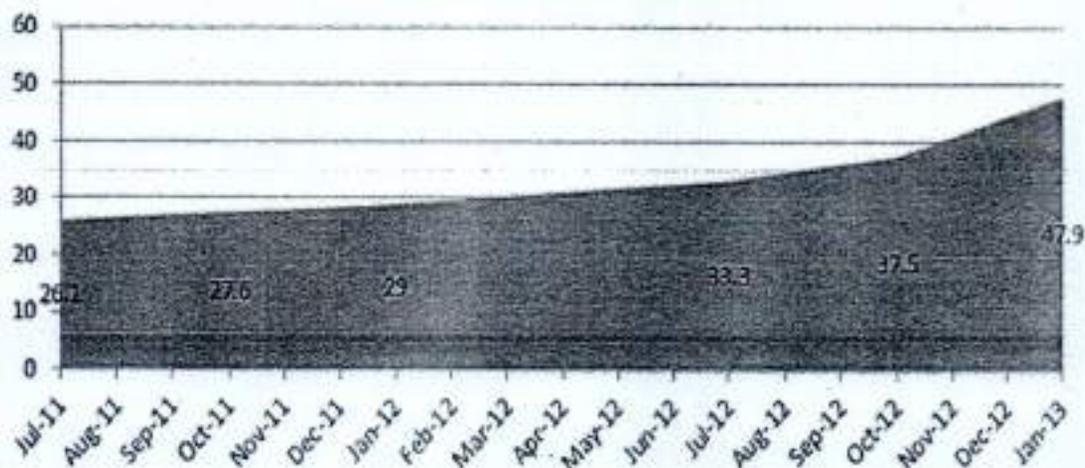
Figure 7: Mode of payment



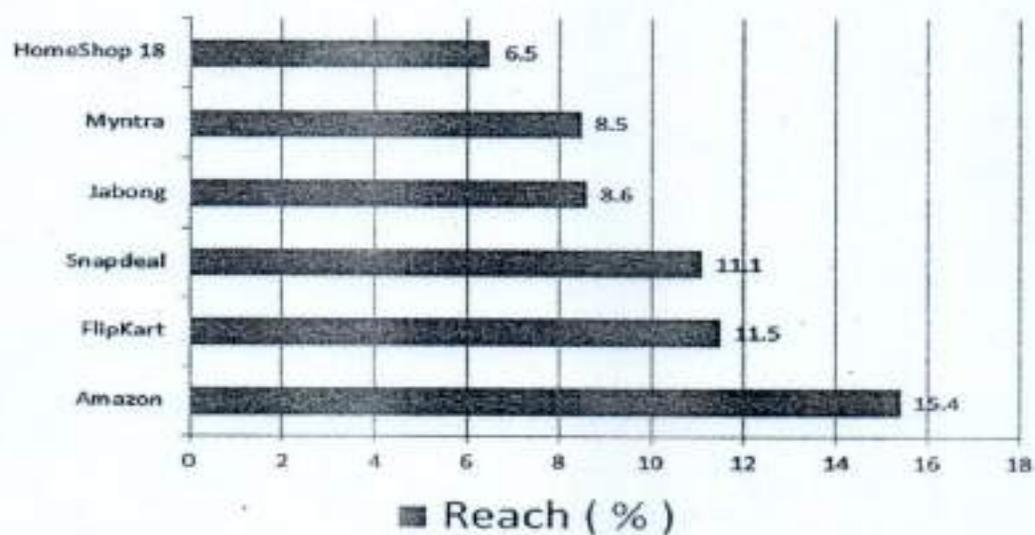
(Source: digitalinsights.com)

Retail category penetration has increased to 60% reach and has grown to 47.9 million unique visitors a month. The growth has come across all retail categories and most of them show promising transactions and conversion rates along with growth in visitors. The top retail sites in India have each seen a growth of over 100% in the last 12 months.

Unique Visitors Retail (In Millions)



Unique Visitors Retail (In Millions)



(Source: digitalinsights.com)

- **Amazon** is the most visited retail site with most of the traffic split among Amazon.com and Junglelee.com.
- **Flipkart** leads the way among the online retailers in India with 7.4 million unique visitors a month, growing at 431% annually.
- **Snapdeal** has been close second with 6.9 million uniques.
- **Jabong and Myntra** have been competing closely in the lifestyle category with over 5.3 million uniques each.
- **HomeShop18** has over 4 million uniques a month.

Figure 9: E-Commerce Revenue

Country	Sales in \$ Billion	
	2012	2016
India	1.6	8.8
Australia	23.2	35.4
Japan	63.9	97.6
China	169.4	356.1

Source: Forrester

E-commerce in India to explode in 2014, 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 2013, 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 the new markets, if implemented successfully, it offer 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. A new report by the Boston Consulting Group says online retail in India could be a \$84-billion industry by 2016 — more than 10 times its worth in 2010 — and will account for 4.5 per cent of total retail. The e-commerce platforms maximize its reach to the potential customers and provide them with a convenient, satisfying & secure shopping experience.

10. Key Players

Top 5 E-Commerce companies in India

(Source: nextbigwhat.com)



FlipKart.com

Flipkart.com is an e-commerce website founded by Sachin Bansal and Binny Bansal in 2007. Both are from IIT Delhi Alumni and also worked in Amazon.com.

Flipkart.com ranks #502 in world according to Alexa traffic rankings. In Google page it ranks #6. It forms advertising revenue of \$4.8 million. It receives 2.2 million page views in a day and generates \$6,574 in advertising revenue every day. Moreover it has certain losses 0.60% in traffic ranking. Loading time of an average page is 2.1 sec as it is much faster than 29% of sites around the world. The mode of payments include Credit

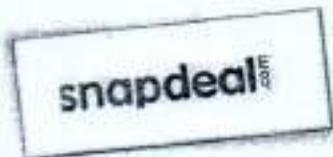
card, Debit card, Net banking, e-gift vouchers, cash on delivery.



Ebay.in

eBay is an online shopping website a consumer to consumer corporation which helps the people and businessman to buy and sell products worldwide. It is operated to almost 30 countries.

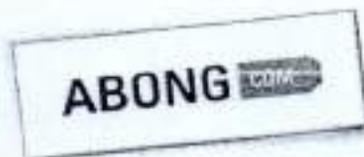
eBay ranks #544 among Alexa traffic ranking. In Google it has pagerank #6. The advertising revenue inculcated was about \$4.4 Million. Moreover it receives 2 million pageviews per day which generates \$6,066 in the advertisement revenue. Recently it has shown 15.13% growth in traffic rank. The pageloading time is upto 2 sec which is likely faster than 24% sites across the world.



Snapdeal.com

Snapdeal deals with online marketing of products including Mobiles, Electronics, Fashion accessories, Apparel, Footwear, Kids, Home and Kitchen, Sports, Books; and services like Restaurants, Spas & Entertainment. It was launched by KunalBahl, a Wharton graduate and Rohit Bansal, alumnus of IIT Delhi, in February 2010.

It ranks #576 in the world as per Alexa traffic ranking. It ranks # 5 in Google PageRank. The advertising revenue is about \$4.2 million. It receives 1.9 million page views in a day and generates \$5,729 in advertising revenue. It has suffered loss of 4.16 % in traffic ranking. The loading time of an average page is 1.6 sec which is faster than 46% of sites across the world.



Jabong.com

Jabong is a fashion and lifestyle e-commerce owned by Rocket internet. Jabong retails apparel, footwear, accessories, beauty products, fragrances, home accessories and other fashion and lifestyle products.

Jabong.com has a Google page rank #3. The advertising revenue is about \$2.4 Million. It receives 1.1 million page views per day generating \$3,310 in advertising revenue. It shows 7.69% growth rate in traffic rank. The page loading time is 1 sec and is faster than 56% sites around the world.



Yebhi.com
Online Shopping

It is an online shopping commerce for Home; Lifestyle & Fashion e-retailer founded in 2009 BigShoeBazaar.com has a user base of about 1.5 million people. Yebhi.com offers lifestyle & Home products and products from a range of some 250 brands to its customers dealing in Shoes, Apparels, Bags, Mobiles, Cameras, Sunglasses, Watches, Home furnishing, Home decor, Home ware, Lingerie and Fragrances.

It ranks #1,782 among Alexa traffic ranking. It ranks #4 in Google page ranking. Advertising revenue is about \$1.4 million. It receives 617,284 page views per day generating \$1,852 in advertising revenue. It has recently shown 6.70 Growth among traffic ranking. The page loading is about 2 sec which is faster than 39% of sites around the world.

7. Barriers of E-Commerce in India: Some of the infrastructural barriers responsible for slow growth of ecommerce in India are as follows. Some of these even present new business opportunities.

- Lack of IT policies and effective cyber laws

- Lack of trust among customers: You have to deliver the product, safe and secure, in the hands of the right guy in right time frame. Regular post doesn't offer an acceptable service level. Couriers have high charges and limited reach. Initially, you might have to take insurance for high value shipped articles increasing the cost.

- Indian people (especially females) have tendency to bargain the products, which is not feasible in Ecommerce.

- Different local languages and cultural factors

- Lack of awareness and understanding of the value of e-commerce

- Continuous change in technologies, emerging new technologies

- Not sure of product quality

- Need to wait for delivery once product is ordered since widely spread regions

- No significant discounts on the products to purchase

- Shipping costs are high due to big geographical area
- Security. Ensuring security of payments and privacy of online transactions is key to the widespread acceptance and adoption of e-commerce.
- Internet costs: To depend on speed, bandwidth of internet (Approximately around 1.6 million households connected to the Internet)
- Financial costs – for storing information, continuous change of technologies, processing orders
- Taxations: Octroi, entry tax, VAT and lots of state specific forms which accompany them. This can be confusing at times.

8. Recommendations

The most important factor that is necessary in growing e Commerce in India – *Trust*. If we look at the Indian context, I feel that there is a general lack of trust between retailers and customers. Consumers don't trust the retailers because they feel that they are either being over charged or that they wouldn't be able to get appropriate level of customer service once the sale is complete. Retailers don't trust the customers because they feel that the customers will take every opportunity to misuse the return or exchange policies. It is my opinion that this general lack of trust is the primary barrier that is impeding the growth of e Commerce within India. Here are some of the practical techniques that online retailers can employ to improve this level of trust and build an environment where customers feel safe in clicking that "Proceed to Checkout" button.

1. Customer Reviews

Today's customers are putting less trust on website marketing messages and becoming more influenced by recommendations from other people. Customer's trust for an online retailer will increase if the retailer offers an ability to let customers share their positive as well as negative reviews about products or vendors. The key is to not "moderate" the negative reviews because by allowing customers to post negative reviews, it will actually enhance the credibility of the retailer as well as other reviews. Obviously, any foul language needs to be moderated but any genuine issues with the products or vendors must be posted along with the positive reviews.

2. Clear shipping and delivery commitment

At the time of setting up products for sale, clear shipping and handling time must be associated with the product. This information should be displayed consistently on all product pages so that customer's expectations around shipping timeline can be clearly set.

3. Analytics & Personalization

Although personalized product recommendations and content do not directly increase customer's trust, they do demonstrate to the customer that the online retailer is making a good effort in understanding the customer's individual needs and is acting upon them. This implicitly improves the comfort level that the retailer is not just looking to sell products but is making an honest attempt in building relationship with the customer.

4. Operational Reporting & Dashboards

Online retailers must invest in strong operational reports that provide alerts and metrics on orders that have a risk of missing the service level that was promised to the customers. If you have recently implemented an e Commerce platform, chances are that at times orders will get "stuck" in various states. Therefore, it is important to establish thresholds around how long should orders stay in various states (such as "Processing for Payment", "Preparing for Shipment" etc.) and then build automated alerts when orders exceed these thresholds.

5. Vendor Penalties

In the Indian context, majority of the e Commerce sites work in a "drop-ship" model. This implies that the online retailer doesn't physically stock the goods, and instead relies on external vendors to directly ship the merchandise to customer's home. In this case, it is extremely critical to set clear SLA's on how long will it take the vendors to ship the orders. There should be financial penalties built into the contracts if the vendors miss the service levels. Also, there should be penalties if the vendors receive excessive negative reviews from customers.

6. Price Match Guarantee

A Price Match Guarantee (PMG) is a store policy which entitles a customer to a refund of the difference between the store's asking price and a competitor's price. It can not only help build trust with the customer, it can also help reduce price competition across online retailers.

This may sound counter intuitive but it is one of the most discussed examples in "Game Theory" and it has actually helped retailers in US to avoid direct price wars. Take for example a firm like Circuit City that has a price match guarantee, which looks good to a consumer. But that guarantee really allows Circuit City to charge higher prices since competitors will be discouraged from setting a lower price that Circuit City only will match when it must.

7. Well trained call centre

I recently called Airtel customer service to add Blackberry service to my cell phone. There was an issue with their automated messaging system that was directing me to a wrong group within Airtel. After calling 9 times, I gave up because every agent that I spoke to had the same scripted response that I should call back again and press option 2. The point I am making is that although it is important to train the call centre agents around specific customer service issues, what is even more important is that the call centre agents be trained to have good problem solving skills, and they should be empowered to own the problem resolution from end to end.

8. Fraud Protection

Not only should an online retailer ensure that the appropriate security certificates are setup to handle checkout related transactions, the sensitive customer and payment information should be stored in an encrypted format. The messaging on the site should clearly indicate that the checkout process is completely secure. In addition, there are third party Fraud detection services available that help flag potentially fraudulent transaction based upon credit card usage velocity and other parameters. These services would not only help reduce the credit card charge-backs for the retailers, but will also improve the sense of security and trust with customers.

9. Proactive, timely communication

Are we there yet? If you have gone on a long drive with kids, chances are that you have been asked this question. It is human nature to expect timely communication, especially when they are waiting for something that they have already paid for. The retailers should ensure that every single status update on the order generates an alert for the customer. Also, if the order waits in a specific state for a timeframe longer than what was promised to the customer, an email should be automatically sent to the customers to make them aware of the delay. If the delay is longer than a few days, customer should be contacted via phone and asked for approval for the delay or given an option to cancel the order.

10. Charge only after order shipment

Customers feel much more comfortable if they know that they will only get charged once the order ships. Currently, a lot of retailers charge the customer's credit card immediately when customer places the order. However, they should consider authorizing the amount at the time of order and only charge the card once the order ships. This will also minimize any need to refund the amount back to the customer in case the order needs to be cancelled for any reason.

11. Self Service Capabilities

The more online self service capabilities (e.g. order cancellation, modifications) retailers can provide to the customers, it will not only help reduce the call centre expense, but will also build more confidence with the customers. Customers will feel more in control because they wouldn't have to spend 10 minutes with a call centre agent to explain the issue – instead, they can directly resolve the issue online.

12. Real time inventory updates & safety stock

Retailers must invest in building automated capabilities that keep an up to date record of how much inventory is available for all their products. Products must immediately become unavailable for purchase from the site as soon as the inventory reaches below the safety stock. Cancelling customer orders due to lack of inventory is a situation that all retailers must avoid because this not only frustrates the customers, it drops their confidence in the retailer's ability to keep their promise. E-Commerce will see a significant growth in India. However, the chasm between the early adopters of e Commerce and the ones who are waiting can only be crossed by building a strong level of trust with our customers – and winning them, one customer at a time.

9. The Future of E-Commerce

E-Commerce is the future of shopping. Thus, it would be apt to quote "*The future is here. It's just not widely distributed yet*"- William Gibson

The Internet economy will continue to grow robustly; Internet users would buy more product and buy more frequently online ; both new and established companies will reap profits online; and...

- **Safer Online Payment Systems:** As the Internet becomes a safer place to transact, the amount spent by the Internet Users online is bound to increase. Those apprehensive of divulging their credit card and bank details would be active online shoppers. The Internet users are expected to buy high-end products like automobile, property, home durables online.

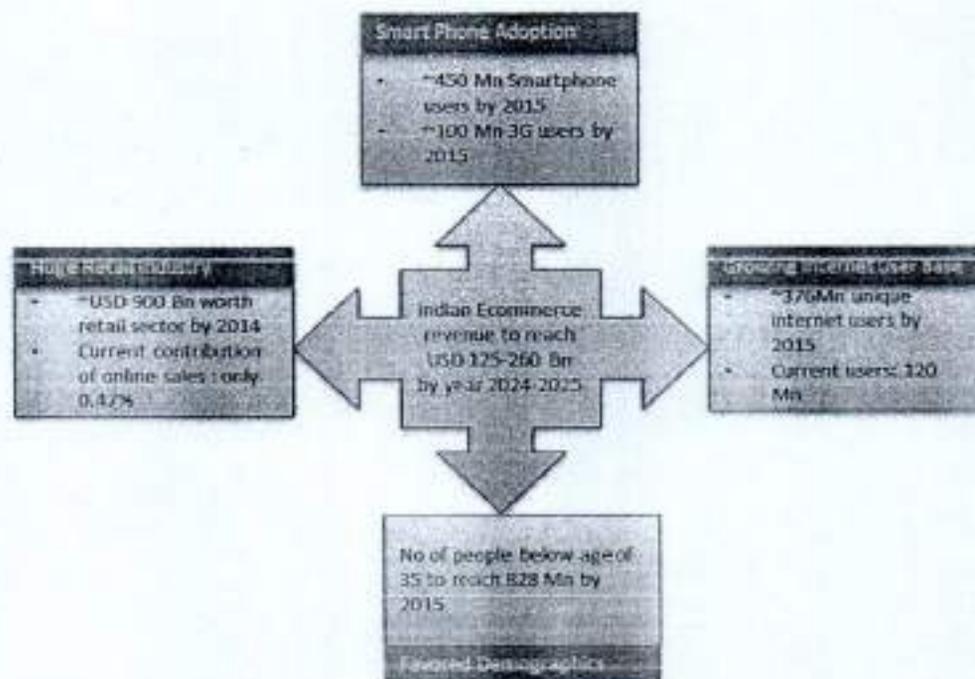
- **Customization of content and offerings:** As the internet users mature, the demand for customization will increase. The content would adopt the regional flavours. More niches will be formed, seeking for offerings *made for them* and content that meets their requirements.

- **More number of shoppers from Non-Metros:** Currently, following the spread of users coming from Metros and Non-Metros. This change would be brought by higher penetration of Internet in the small towns and limited reach of physical distribution channels of the established sellers to these towns. These factors coupled with higher disposable income would compel the Internet users in these towns to buy online.

- **Expanding User Base:** Going at the current rate of growth in the Internet users transacting online, the user base for E-Commerce is expected to rise and expand exponentially. A large portion of the Internet population is under the age of 35 years and is increasingly moving northwards as far as the purchasing power is concerned. The uncanny nature of this segment "*to use now and pay later*" is going to play an important part in the future growth of e commerce market. Be it picking new stocks or new clothes, finding a job or a bride, the web way of doing things will gain precedence.

M-Commerce: Currently E-Commerce is synonymous with PC and browser-based interaction. However, in the near future GPRS-enabled mobile phones will rule the online transactions. Today, online downloads to mobile phones is limited to low value services like music downloads, picture message downloads and ring tone downloads. However, as the mobile users get more familiar with buying online, the purchase of high-involvement products is expected to rise. Certain verticals like Banking and Finance, Travel, Entertainment, and Retail are likely to drive the growth of m-Commerce in the country. In the recent past, E-Commerce and its variants like the m-Commerce have yearned for the position of being the most important drivers of the Internet. They are continuously evolving and upgrading to make a consumer's e-Spending experience hassle free and memorable. However, to attain that position, it needs to awaken its inner beauty – simplicity and security of transaction. The trend of online shopping is set to see greater heights in coming years, not just because of India's rising internet population, but also due to changes in the supporting ecosystem. The E-Commerce market in India is smaller than in other markets that Forrester forecasts in Asia, but it is growing the fastest. Retailers have a sizeable opportunity as the online population starts to spend more and buy more frequently online

Explosive Growth Ecommerce India



Conclusion

Several important phenomena are associated with e-commerce. E-Commerce has unleashed yet another revolution, which is changing the way businesses buy and sell products and services. New methodologies have evolved. The role of geographic distances in forming business relationships is reduced. E-Commerce is the future of shopping. With the deployment of 3G and 4G wireless communication technologies, the internet economy will continue to grow robustly. In the next 3 to 5 years, India will have 300 to 400 million internet users which will equal, if not surpass, many of the developed countries. Internet economy will then become more meaningful in India. With the rapid expansion of internet, E-commerce is set to play a very important role in the 21st century, the new opportunities that will be thrown open, will be accessible to both large corporations and small companies. The role of government is to provide a legal framework for E-Commerce so that while domestic and international trade are allowed to expand their horizons, basic rights such as privacy, intellectual property, prevention of fraud, consumer protection etc. are all taken care of.

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PROJECT REPORT ON "E-COMMERCE INDUSTRY IN INDIA"

SESSION-2020-2021

DEPARTMENT OF COMMERCE

PATTAMUNDAI COLLEGE, PATTAMUNDAI

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4	Bacudev Bal	Bc18-04	Bacudev Bal
5	Akash Mohakul	Bc18-05	Akash Mohakul
6	Shreeranka Gudi	Bc18-06	Shreeranka Gudi
7	Kuru charan Dash	Bc18-07	Kuru charan Dash
8	Chousanga Pradhan	Bc18-08	Chousanga Pradhan
9	China Parida	Bc18-09	China Parida
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18	Monalisha Rout	Bc18-18	Monalisha Rout
19	Madhusmita Dash	Bc18-19	Madhusmita Dash
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21	Kiran Kanta Swain	Bc18-21	Kiran Kanta Swain
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23	Subhaktan Mahalik	Bc18-23	Subhaktan Mahalik
24	Swarnaprava Mahalik	Bc18-24	Swarnaprava Mahalik
25	Rajesh Ku. Sethi	Bc18-25	Rajesh Ku. Sethi
26	Rajnandini Dalai	Bc18-26	Rajnandini Dalai
27	Siddharth Mandal	Bc18-27	Siddharth Mandal
28	Debasmita Pradhan	Bc18-28	Debasmita Pradhan
29	Rashmita Nayak	Bc18-29	Rashmita Nayak
30	Chandan Bhuyan	Bc18-30	Chandan Bhuyan
31	Akanksha Swain	Bc18-31	Akanksha Swain
32	Biswajit Sahoo	Bc18-32	Biswajit Sahoo