

## **E-COMMERCE DEVELOPMENT AND ITS CHALLENGES AND OPPORTUNITIES IN INDIA**

**Dr. Vijay K. Bile**

Associate professor and HOD,  
Department of Commerce and Management,  
Yashwantrao Chavan Mahavidyalaya, Karmala,  
Dist.Solapur

### **1. INTRODUCTION**

Since 1991, India has been implementing liberalization, globalization and privatization policies and as a result, technology has become cheap. Information Technology has been pertaining slowly into different sectors, and especially in banking, marketing, entertainment, education sectors, there is impact of IT along with telecommunications. Technology is used for transaction in banks and various Govt. Departments like railways, transport, communication and electricity. E-commerce is an emerging concept that describes the process of buying and selling or exchanging of products, services, and information.

### **2. GROWTH OF E-COMMERCE IN INDIA-**

IT and communication have been the key drivers of the e-commerce phenomenon worldwide. Millions of the users of the world have been on the internet daily for many commercial activities. E-commerce is growing steadily and its market share reached. About 70% of India's e-commerce market is travel related. India has close to 10 million online shoppers and is growing at an estimated 30% CAGR vis-a-vis a global growth rate of 8-10%. Electronics and Apparel are the biggest categories in terms of sales. Key drivers in Indian e-commerce are:

- Increasing broadband Internet (growing at 20% MoM) and 3G penetration.
- Availability of much wider product range (including long tail and Direct Imports) compared to what is available at brick and mortar retailers
- Busy lifestyles, urban traffic congestion and lack of time for offline shopping
- Increased usage of online classified sites, with more consumer buying and selling second-hand goods

Overall e-commerce market is expected to reach Rs 1,07,800 crores (US\$24 billion) by the year 2015 with both online travel and e-tailing contributing equally. Another big segment in e-commerce is mobile/DTH recharge with nearly 1 million transactions daily by operator websites.

### 3. FACTORS DRIVING E-COMMERCE APPLICATIONS

The three components that propelled the growth e-commerce are website design, connectivity .The devices like modem bridge routers , gateways, backbones and others with physical wiring technology have moved from telephone wire to cable TV wire to fiber optics. A fiber optic cable can deliver millions of bytes of data in a couple seconds. Finally programming Paradigms and wireless wave hit the world, and India and China have been the centre of international trade ever since.

The factors that drive e commerce can be decided in three levels, i.e., Infrastructure, Services, and Products and Structures'

- Infrastructure: It includes websites, Internet, broadband, PCs, server market, software and mobile technology.
- Services: It includes the sacred messages like e mail, EDI and EFT services to enable information from electronic catalogs/ directories, sharing information systems, negotiations, payment settlements, authentication, e-money, smart cards, copyright protection systems, auditing, etc.
- Products and Structures: These include consumer products, business to business and government to business, which are major contributors to e-commerce, besides medical transcription programs, call centres and design centres, which are quite high information providers and intranet facilitators.

#### 3.1. Broadband Status in India

The broadband access is a vital prerequisite for e-commerce development, because the movement of data across the Internet is determined by the speed of broadband. Further, the fiber optic cables are the key for broadband connectivity and the TV cables are also good. The wireless technology with towers is the driving force for broadband, and high broadband is must for further growth of e-commerce. India had a mere 7.2 million connections by 2012 according to TRAI and CM, i.e, 1 broadband connection per 100 citizens. It can be said that India is far behind the

national broadband target of 20 million connections by 2011 as per the Indian govt. Broadband Policy-2004 and it may achieve the target by 2014. But developed countries and developing countries like China and Brazil are increasing their broadband connections much faster than India.

### **3.2. PC and server Sales**

This is also one of the components drive that both firms as well as consumers using Internet. The e-commerce is simply propelled by people and firms who have access to PC and Internet. The developed countries have higher PC penetration per thousand compared to developing countries. In USA alone, during the last five years, over 100 million PCs have been sold each year. The penetration of PC in India is still below 10%. For a working class of 350 million Indians, the PC sales froze around 5 million during the last two quarters of 2012, which the server market is still quite low. On the other hand, India has been exporting "super computers" and its share is pretty good.

### **3.3. Mobile Services in India**

Today, there are several technological gadgets available to consumers with many features, such as smart phones, ipods, bluetooth, e-readers, etc. This is the second largest market in the world. The global players like Vodafone, Nokia, Motorola, etc have made India their home base. This is added a new dimension to the e-commerce market. Besides talking or listening to music, one can send messages, SMS, as information and do basic financial services with bank on one's phone.

This mobile segment is going heat up e-commerce, 300 million middle-class people and 200 million farmers, besides business firms are reaping the benefits of this development. The world is watching our vibrant mobile market. Since the cost per call has come down to half-a-rupee, the SMS user growth has also been staggering. Further, roaming has been promoted by Bharti Airtel, Reliance, Tata, Idea and BSNL. The Uninor has made a splash with its entry at the end of Nov.2009. Thus e-commerce was driven with a greater force by mobile users as well as many vendors.

### 3.4. ATMs Across India

The technological innovations have caught the Indian financial sector off-guard, for example, the Automatic Teller Machine (ATM). The ATM is a technological innovation. It is the most preferred delivery channel used by the financial institutions and plays a dominant role in the growth of e-commerce worldwide. The customer need not visit the bank as often and can transact business through ATMs that = operate all day long and at every corner of the globe. The HSBC bank installed the first ATM in Mumbai in 1987. Now there) are about 40,000 ATMs available in India. The ATM penetration is still! slow in India when compared to the other developed countries.

### 3.5. Debit and Credit Cards

These cards provide e-money facility, which makes the physical usage of cash unnecessary. Further, the debit card can be used only if one has sufficient money in one's account. In the case of credit card, the payment process starts only after receiving the bills for the purchase of articles. The metros have many vendors accepting the VISA and MasterCard. The public who visit the hotels and restaurants can avail of services easily using credit cards.

According to RBI statistics, there were nearly 15.6 crores of debit card and 2.12 crores of credits card in usages in the 2009. VISA and Master Card at as the mediators for banks, business companies and cardholders and therefore, banks have to tie up with them. For processing all the transactions through the ATM and credit cards, the international bank paid rs. 400 crores as fee to the international card companies.

### 3.6. E-Tickets from Desktops and on line reservations

Indian Railway Catering and Tourism and Corporation (IRCTC) Of Govt of India owns one of the largest agent network for selling travel products in India. The On line ticket was reservation was started in the year 2002, under which customers can reserve tickets online and the IRCTC would send the printed tickets to the customer by post.

The e-ticket was launched in the year 2005 by the IRCTC and passengers Can book online tickets and take print out of the same after confirmation of payment.

Tickets can also be reserved through travel portals.

The railways also launched ATMS at railway stations provides booking and ticketing services across India. Thus, the e-tickets are; 95% of all rail tickets and it can be inferred that ticket booking through internet is gaining popularity.

### **3.7. Transactions Costs of Services**

Today banks are keeping abreast of the technological changes Besides the 27 public sectors banks, 33 private 43 foreign banks have been operating in India. The public sectors bank also implemented the "Net banking facility" and sum of them are SBI, Punjab National Bank, Andhra Bank, Indian Bank, Union Bank and Bank of India. The Internet users can easily access on line the products and services of these firms. But what is the case one has to pay besides proximity, service and convenience ? These are all added to the cost of the products and services. The cost of various channels of e-commerce has come down drastically in the last 5 years. Now internet banking is the cheapest mode for conducting financial transaction.

### **3.8. Indian Software Industry**

The Indian software industry is the key sector driving e-commerce. In fact, this has been the star performer in financial sector as well as intellectual HR sector worldwide. The growth this industry is invariably tied to the growth of e-commerce. Another important segment is e-commerce is the generation of revenue through the projects of e-marketer, which will be easily achieved as the growth in mobile technology and software services will fuel this generation E-advertising support the web sites and in term, the growth of e-commerce.

## **4. CONCLUSION**

India has been implementing economic reforms since 1991. Though information technology has been the biggest player in India's growth stories, financial sector, automobiles, health, pharmaceuticals and a few others have been growing at faster rate. Among all these, banking sector plays a major roles in the growth of trade. The goods and services are traded by using information technology

The wireless technology is the force driving broad band. This has added a dimension to the e-commerce market of the country. Today there are several

technological gadgets available with many feature, such as smart phones, l-pods, Blue-tooths and E-readers, which are going to heat up e-commerce .

## 5. References

1. Bharat Bhaskar (2009) "Electronic Commerce : Framwork", Technologies and applications.
2. "International Commerce and Business, proceeding of international conference on International Commerce and trade".
3. Gary p Schneider (2008), "E-commerce strategy",Technology and Implementation, Book India Eidtion.
4. Forntiers of electronic commerce, Pearson Education India Edition.
5. "Emergence of payment system in the age of electronic commerce: The state of art" Global journal of international business research(2008)