



A Review of Recent Trends in E-Commerce in India

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Abstract:

In the era of Digitalization, the e-commerce industry has experienced rapid transformation over the last few years, driven by advancement of technology, changing consumer needs and demands, business regulatory frameworks, government rules and regulations etc. The change in Telecommunication and rapidly growing use of smart phones, other technical gadgets have increase the growth of Digital Revolution. In E-commerce the suppliers can directly sell their products or services to the customers without any intermediaries through various websites, marketing sites, laptops, apps and so on. E-commerce provides to the customer the product and services at their door step. This research paper explores the recent trends and developments in India's E-commerce sector.

The study explores the growing trends of shopping through social media platforms like instagram and whatsapp, especially through youngsters. It also examines the security challenges of data privacy in E-commerce. The research shows that India's e-commerce market has great potential but is also has multiple challenges related to infrastructure, security and more. The overall study and analysis of e-commerce market has been done in this research.

Keywords: E-commerce, Digitalization, Infrastructure, Digital Revolution etc.

Introduction:

E-commerce or Electronic commerce refers to the buying or selling of goods and services through internet. E-commerce has a long history. The roots of E-commerce can be traced to 1960s and 1970s when businesses began to use Electronic Data Interchange to exchange files, documents electronically. Later on, in 1991, with the introduction of LPG policy in India, the World Wide Web (WWW) was introduced to the public, and after that the commercial ventures began to introduce various online marketing techniques. In 1994 the first real e-commerce transaction emerged with the launch of NetMarket, which allowed users to purchase or sell goods by using credit card. Amazon and eBay were founded in 1995 which played a

pivotal role in shaping the future of E-commerce. The early 2000s saw rapid growth in e-commerce, with the increase in internet access and broadband speed, online shopping became more accessible to public. The advent of smartphones and mobile applications came to the rise of mobile commerce, allowing the users shop on-the-go. Various mobile - friendly, user - friendly websites and apps has been developed with the growing demands.

Objectives of the Study:

- 1) To analyze recent trends in the E-commerce sector in India.
- 2) To identify the challenges and opportunities of E-commerce.
- 3) To understand the future of E-commerce.

Review of Literature:

Mahipal D. (2018) has studies the multiple phases of internet from year 1995 to right now. Also the research study identified that there will be marvelous growth in the next few years that the security in legal forms and e-commerce so that domestic and international trade and commerce could develop more.

Abdul Gaffar Khan (2016) has carried out a research to understand the merits which e-commerce brings to our society. It also research the difficulties that e-commerce faces in our economy for the online marketing. The financial sectors has been expanded with the help of IT sector. The research also stated that with more usage of smart mobile phones, laptop services and internet there is also risk of security issues and mispractices.

Sarbapriya Ray (2011) has studied a research to take a historical overview of the growth and development of e-commerce with explaining the types of e-commerce businesses, their multiple categories, and Companies which are conducting their businesses in it.

Research Methodology:

This research paper is descriptive and it is based only on secondary data that was collected from books, national journals, international journals, publicly available government publications, and from other websites.

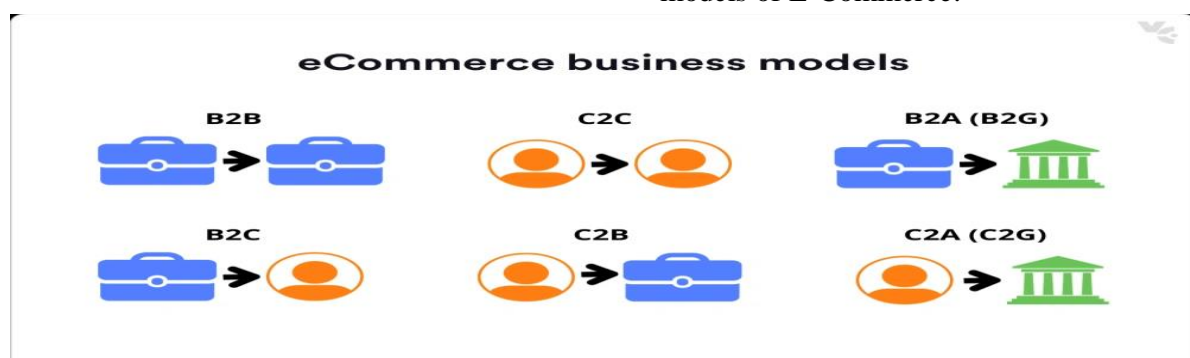
Present Scenario of Ecommerce in India:

There is seen rapid growth of internet and smartphones in India. Till June 2023, the number of internet connections in India significantly increased to 895 million. Out of the total internet connections 55% of connections were in urban areas. The dominance of wireless connections (97% in urban areas) highlights the increasing shift towards mobile usage, which is growing the smartphone base in India, expected to 1.1 billion by 2025. This has helped India's digital sector growth, and it is expected to reach US\$ 1 trillion by 2030. This growth in internet and smartphone use, combined with increasing incomes, has helped boost India's e-commerce sector. E-commerce in India nowadays covers different types of business models like Business-to-Business (B2B), Direct-to-Consumer (D2C), Consumer-to-Consumer (C2C), and Consumer-to-Business (C2B). The D2C and B2B models have increasing their growth in the recent years. India's D2C market is expected to reach US\$ 60 billion by 2027, and the overall e-commerce market in India is expected to grow to US\$ 325 billion by 2030. This shows how big and important India's digital economy is becoming in today's era.

After China and the US, India had the third-largest online shopper base of 150 million in 2021 and is expected to be 350 million by 2026.

E Commerce Models:

The following are the some important models of E-Commerce:



The 6 Main Models of E - Commerce:**a) Business-to-Business E-commerce**

(B2B): B2B means online purchasing and selling of goods and services in between two companies or businesses. As per studies India's Business-to-Business (B2B) online marketplace would be a US\$ 200 billion by 2030.

b) Business-to-Customer E-commerce

(B2C): B2C means businesses sell directly to individual shoppers online. These sales happen through websites, apps, or e-commerce marketplaces. India has the opportunity to significantly increase its share in the global B2C e-commerce market, which is projected to reach US\$ 8 trillion by 2030.

c) Customer-to-Business E-commerce

(C2B): In C2B, individuals sell their skills or influence to businesses. This often happens through special platforms. For example, Shutterstock lets photographers sell their photos to businesses.

d) Customer-to-Customer E-commerce

(C2C): C2C platforms help regular people buy and sell things with each other. The platform makes money through fees or ecommerce advertising and marketing.

e) Business-to-Government (B2G):

B2A refer to Business to Administration, where businesses interconnect with government agencies or other types of public administration organisations. This type involves e-commerce platforms that cater to providing services, products, or information to government bodies or other administrative organizations.

f) Customer-to-Government (C2G):

C2G involves people using online services to interact with government organisations. This makes e-commerce payment system easier. For example, websites for paying taxes online.

Government Initiatives for E-commerce growth:

Since 2014, the Government of India has taking various initiatives like Digital India, Make in India, Start-up India, Skill India, and so on for e-commerce growth. The effective implementation of such programs will support the growth of E-commerce in India. Some of the major initiatives taken by the Government to promote E-commerce in India are as follows:

Under the Digital India movement, the Government launched various initiatives like Umang, Start-up India Portal, Bharat Interface for Money (BHIM) etc. to boost digitization. Government increased the foreign direct investment (FDI) limit in e-commerce up to 100%. This encouraged foreign players to invest more in e-commerce in the Indian market. Internet connectivity in local bodies in every Panchayat through BharatNet project. The proposed heavy investment of around \$14 billion by the Government to roll out the fiber network for 5G. Digital India Scheme aims to empower Indian MSMEs to have a strong digital presence. Programs like Jeevan Pramaan, data.gov.in, Mobile Seva, and BHIM by NPCI are the different initiatives undertaken to shift MSMEs to a cashless as well as contactless e-commerce platform.

Opportunities for E-Commerce

1) Direct Sales: Companies can directly sell their goods and services to customers through ecommerce website. Eg. Food delivery through Zomato, Swigggy etc.

2) User Interface: The user interface allows us to search the information about the products easily and can order for the product in a lesser time. For more user friendly approach there is also have options like filtering the search like tagging it with price, quality, colour etc.

3) Payment Software: The payment for the online purchase can be made using debit cards or credit cards. Through UPI apps a person can make payment from anywhere.

4) Social Media: Now a day's social media enables the customers to choose the products according to their interest or choices. Social media can be used as a medium for providing information about the product to the customers.

5) Mobile Commerce: The purchase of goods using mobile phones and the transactions that are conducted through mobile phones increasing now a days. Purchasing using mobile phones has become more common with the introduction of the smart phones.

6) Photos/Video Based Marketing: Customers can be easily motivated to purchase a product by providing them with interesting videos relating to the product. Videos are more useful for selling the products.

7) Websites and Apps: Various websites boosts e-commerce through time feasibility, easy access. Amazon, flipcart, eBay, Paytm are some mobile applications that enable the user to easily enter and access the website and order for the product.

Challenges of Ecommerce In India:

The e-commerce sector in India has seen significant growth, but it still faces a variety of challenges for its development. Some of the key challenges include:

1. lack of Knowledge and Awareness:

When we see the ratio of online customers, scenario is not so well. In India, in most of the rural areas, the rural peoples don't have sufficient knowledge about the Online commerce. Surprisingly, most of the urban population are also suffering from poor knowledge on online business and its proper usage. Very few are aware of the internet corrupt practices and fraud and thus darkness still exists. A reliable survey shows that 50% of Indian online users are unaware

of the solution of online security which is also a major challenge of e-commerce.

2. Online Transaction:

Most of Indian customers still doesn't use credit card, debit card and net banking system, which is one of the main reason to reduce the growth of E-commerce. Nevertheless, nowadays, some of the nationalized banks have started to issue debit cards to all its account holders. This is truly a positive way for Indian E-commerce as well as online entrepreneurs.

3. Cash On Delivery:

Cash on Delivery is the another easier way for online payment system. Various Indian companies are offering Cash on Delivery as one of mode of payment for the buyers. And 30% to 50% of buyers are also taking advantage of this mode of payment while making purchase of any product and service through internet. Cash on Delivery has been introduced to reduce the payment security issues of online transaction, but this is increasing the burden to companies that customer may denied to make the payment at the time of delivery of the product. Hence, companies tend to lose the sale along with product transit fees. To solve the problem of Cash on Delivery, online companies should take some judicial help, otherwise the prime objective behind the E-commerce will be at risk.

4. Online Security:

In case of start up and small business, Business owners are ignoring the importance of authentic software due to financial constraints. Sometimes, they don't even take some smaller steps like antivirus and firewall protection to protect their businesses from unfair practices. Which actually the most important step for successful online business players. Cyber attacks can lead to financial losses, loss of customer trust, and damage to the company's reputation. The use of authentic software, along with strong protection systems like antivirus software, firewalls is absolutely

crucial for the long-term success of any online business.

5. Logistics and Shipment Services:

In India, logistics and courier services required lots of improvement. Because strong logistics service is one of the key reasons behind the success of any online company, India is lagging far behind in this sector as most of the town and small villages are still not covered under serviceable area of many of the courier and logistic companies. E-commerce is hampered in a big way owing to the limited services offered by the courier service companies.

6. Tax Structure:

Tax rate system of Indian market is another factor for reducing growth rate of E-commerce in India in comparison with other developed countries like USA and UK. In those countries, tax rate is uniform for all sectors whereas tax structure of India varies from one sector to another. This factor creates accounting problems for the Indian online business companies.

7. Fear factor:

Fear of making online payment is a universal psychological factor of Indian customers. With the spread of knowledge on online transactions and its reliability, some percentages of customers have overlooked this fear and they are fearlessly engaging themselves in online shopping. But still, majority of customers are not aware of online transactions and its security. They often reluctant to disclose their credit card and bank details and preferred to stay away from online world of shopping.

8. Touch and Feel factors:

Indian customers are more comfortable in buying products physically. They tend to choose the product by touching the product directly. Thereby, Indian buyers are more inclined to do ticketing and booking online in Travel sectors, books and electronics. Companies dealing with products like apparel, handicrafts, jewelry

have to face challenges to sell their products as the buyers want to see and touch before they buy these stuffs.

E-Commerce Security:

E-Commerce plays a very important role in the growth of industry, as an effective, convenient and faster method of doing business. As the trend of on-line transactions continues to grow, there will be increases in the number and types of attacks against the security of on-line payment systems. Such attacks threaten the system security, resulting in systems that may be compromised and less protected, resulting in consumer privacy issues. Therefore, it is very important to make the Internet safe for buying and selling products on-line. Global privacy consistency is required, as Internet usage is largely unregulated, which means that laws in one country are not aligned with the laws in other countries.

Despite these concerns, E-Commerce plays a very important role in the growth of industry, as an effective, convenient and faster method of doing business. As the trend of on-line transactions continues to grow, there will be increases in the number and types of attacks against the security of on-line payment systems. Such attacks threaten the system security, resulting in systems that may be compromised and less protected, resulting in consumer privacy issues

Future Perspective of Ecommerce in India:

India's Internet business sector is rapidly expanding. Indian online users may still number just 400 million, which is a small number compared to developed nations across the world, but they are steadily growing. Indian e-commerce is expanding quickly because to widespread internet use and the accessibility of smart phones. Furthermore, India's e-commerce industry is expanding due to favorable

demographics and government efforts to digitize. One of India's fastest-growing industries at the moment is retail, and this trend is predicted to continue.

India's consumer digital economy is expected to become a US\$ 1 trillion market by 2030, growing from US\$ 537.5 billion in 2020, driven by the strong adoption of online services such as e-commerce in the country. The Indian e-commerce industry is projected to reach US\$ 325 billion by 2030, experiencing significant growth.

Conclusion:

The eCommerce sector has rapidly transformed the way businesses operate and interact with customers, providing significant opportunities for growth and expansion. However, the increasing reliance on digital platforms also brings about challenges, particularly in terms of security and trust. To ensure long-term success, it is essential for businesses to prioritize legitimate software, implement strong cybersecurity measures for security. By adopting emerging technologies and understanding local market dynamics,

businesses can drive growth and stay competitive in the ever-evolving digital ecosystem. With the right infrastructure and policies, India's eCommerce sector is poised for continued success and global influence.

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