E-Commerce in India –A Boom - A Study

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Abstract

E-Commerce has unleashed yet another revolution, which is changing the way businesses buy and sell products and services. . E-commerce stands for electronic commerce and pertains to trading in goods and services through the electronic medium. India is showing tremendous growth in the Ecommerce. The low cost of the PC and the growing use of the Internet is one of reasons for that. There is a growing awareness among the business community in India about the opportunities offered by E- commerce. The future does look very bright for ecommerce in India with even the stock exchanges coming online providing a online stock portfolio and status with a fifteen minute delay in prices. . E-commerce in India is witnessing phenomenal growth and has become an attractive option for many techies at senior level with rich experience and knowledge to return (to India) and join the bandwagon."

Key Words: Revolution, Electronic Media, Stock Exchange, Portfolio, Bandwagon.

INTRODUCTION:

As a symbol of globalization and in many ways its leading feature, e-commerce represents the cutting edge of success in this digital age. E-commerce stands for electronic commerce and pertains to trading in goods and services through the electronic medium, i.e. the Internet or phone. On the Internet, it pertains to a website, which sells products or services directly from the site using a shopping cart or shopping basket system and allows credit card payments. It involves conducting business with the help of the electronic media, making use of the information technology such as Electronic Data Interchange (EDI). In simple words, Electronic commerce involves buying and selling of goods and services over the World Wide Web. Customers can purchase anything right from a car or a cake sitting comfortably in his room and gift it to someone sitting miles apart just by click of a mouse.

In an increasingly competitive and globalised world, Micro and Small enterprises (MSEs) need to complete more effectively in order to further push up economic activity and contribute towards increasing export earnings. MSEs will also continue to play an important role in increasing employment and incomes and thus contribute to poverty reduction on a sustainable basis. E-commerce is emerging as a new way of helping MSEs to compete in the market .

E-commerce can help deliver economic growth, increase new business opportunities, enhanced competitiveness and better access to market as well as able to generate new employments. In this way it can helps in the development of economic structure of a society. This is the proper time when the opportunities for MSEs to adopt Ecommerce are growing due to improved access to the technical and communication infrastructure. E-commerce involves the purchase or sales of goods and services using Communication and Information Technology (CIT), like over computer networks (e.g. Internet) by business, individuals, governments or other organizations. E-commerce builds on traditional commerce by adding the flexibility and speed offered by CIT.
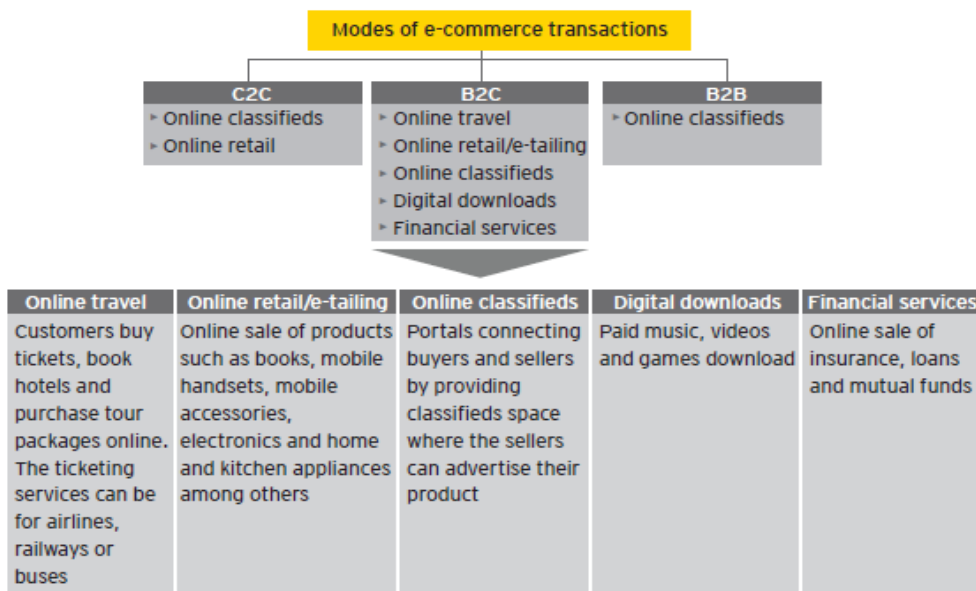
In any market with no entry barriers – the Net is biggest of them, the continuous influx of competition will, automatically, drive down the prices. In such a case, in long term all firms could only earn normal profits. **Electronic commerce** (or e-commerce) encompasses all business conducted by means of computer networks. Advances in telecommunications and computer technologies in recent years have made computer networks an integral part of the

economic infrastructure. More and more companies are facilitating transactions over web. There has been tremendous competition to target each and every computer owner who is connected to the Web.

Although business-to-business transactions play an important part in e-commerce market, a share of e-commerce revenues in developed countries is generated from business to consumer transactions. E-commerce provides multiple benefits to the consumers in form of availability of goods at lower cost, wider choice and saves time. People can buy goods with a click of mouse button without moving out of their house or office. Similarly online services such as banking, ticketing (including airlines, bus, railways), bill payments, hotel booking etc. have been of tremendous benefit for the customers. Most experts believe that overall e-commerce will increase exponentially in coming years. Business to business transactions will represent the largest revenue but online retailing will also enjoy a drastic growth. Online businesses like financial services, travel, entertainment, and groceries are all likely to grow

OBJECTIVE OF THE STUDY: The propose study has been under taken keeping in mind the following objectives:

1) To study the different modes of E-Commerce transactions.
2) To understand the different key stakeholders of E-Commerce.
3) To study the evolution of E-Commerce in India
4) To study the E-commerce BOOM in India.

SCOPE OF THE STUDY:

The present study confined to the E-commerce importance, its future trends, and impact on various areas, it's evolving models, etc.The study focuses only on E-Commerce in India.

METHODOLOGY:

For the current study the data has been collected from the various Magzines, bulletins,Articles,Internets and Text Books etc.

MODES OF E-COMMERCE TRANSACTIONS :

e-Commerce transactions can be segmented into three broad categories or modes, based on participants involved in the transactions.

Consumer-to-Consumer (C2C): India's C2C market, though currently small, is set to grow

with the entry of several players. These entrants are attracting VC investment. Their online

portals are also garnering significant traffic. So, it is expected that C2C segment will show rapid growth in coming years.

The online retail segment has evolved and grown significantly over the past few years. Cash-on-delivery has been one of the key growth drivers and is touted to have accounted or 50% to 80% of online retail sales. Players have adopted new business models including stock-and-sell, consignment and group buying; however, concerns surrounding inventory

management, location of warehouses and in-house logistics capabilities are posing teething issues.

Business-to-Consumer (B2C): The B2C market in India generates the bulk of revenues across the consumer-facing modes of e-Commerce. Furthermore, though online travel has typically held a major share of the B2C market, online retail is also growing rapidly and is expected to significantly increase its share.

Online travel has traditionally been the largest e-Commerce sub-sector (by revenue) in India. Nevertheless, online retail is catching up fast and is expected to match online travel revenues by 2015. To improve margins, online travel players

are diversifying their offerings to include hotel reservations, along with the regular ticketing services. To make the most of this move, players will need to develop skill sets that are different from the ones required in the ticketing segment. They will have to manage challenges associated with a diverse supplier base, technological constraints, customer experience, authenticity of information and grievance re-dressal.

Business-to-Business (B2B): The most common users of B2B online classifieds are micro, small and medium enterprises (MSMEs). These small businesses lack the requisite financial resources and, therefore, find it difficult to market their products and services to potential clients through traditional media such as newspapers, banners and television. Trade through online B2B portals increases the visibility of MSMEs in the marketplace and helps them overcome barriers of time, communication and geography.

Classifieds, the earliest entrant in the e-Commerce space in India, is undergoing a shift in operational model from vertical to horizontal offering. Players now offer a gamut of services ranging from buying/selling cars to finding domestic help/babysitter.

KEY STAKEHOLDERS OF E-COMMERCE

The key stakeholders in the e-Commerce sector are :
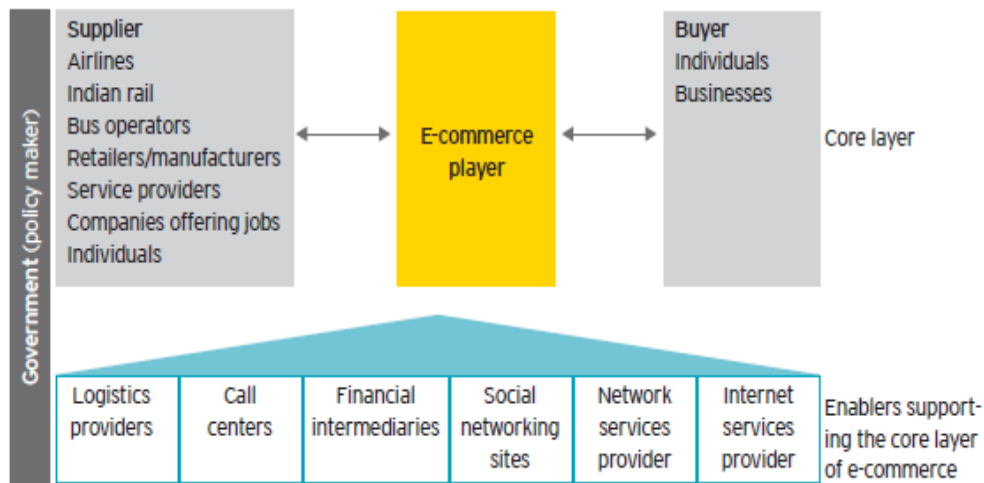
These stakeholders coordinate among each other to facilitate the three main flows in an e-Commerce transaction:

1. **Product flow**: Movement of goods from suppliers to end consumers through e-Commerce
2. and logistic players
3. **Information flow:** Information transmission of orders from customers and subsequent
4. information flow of order status through the value chain
5. **Monetary flow:** payments from consumers to e-Commerce players and/or suppliers and
6. vice-versa through financial intermediaries.

EVOLUTION OF E-COMMERCE :

The evolution of e-Commerce in India can be broadly divided into two waves based on the emergence of various sub-segments.
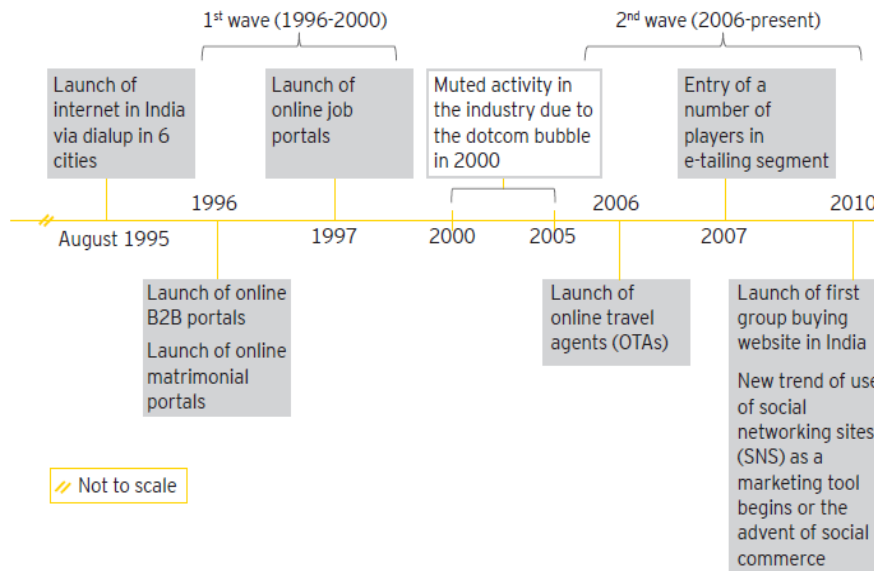
FIRST WAVE – ADVENT OF ONLINE NAUKRI AND SHAADI (1996-2000):

1. **Launch of Internet in India:** The introduction of internet in India in 1995 marked the beginning of the first wave of e-Commerce in the country. Moreover, economic liberalization after the launch of reforms in 1991 attracted MNCs and brought about the growth of the IT industry. The implementation of liberalization policies led to the demise of the license regime, and high taxes and import restrictions, as well as facilitated the growth of SMEs. The IT industry and SMEs were the early adopters of internet. This led to the emergence of B2B, job searches and matrimonial portals.

2. **Launch of online B2B portals:** India's first online B2B directory was launched in 1996. The liberalization of the country's international trade policies was the key factor that accelerated the growth of B2B online portals. It enabled buyers and sellers to easily connect with their global counterparts.

3. **Launch of Online matrimonial portals:** In 1996, the first online

matrimonial portal was launched in India. The online matrimonial portals transformed the perception about the matchmaking process from "marriages are made in heaven" to "marriages are made in cyber space." Such portals have now evolved to cater to various segments of the population such as NRIs, H1B visa holders, widows or widowers, divorcees and other special groups.

4. **Launch of Online Job Portals:** India's online recruitment industry took shape in 1997. The growth of the services sector, following the launch of economic reforms in 1991, resulted in the creation of additional jobs. In this background, internet proved to be an efficient medium that allowed employers and job seekers to connect. Prior to job portals, weekly government magazines such as Employment News and newspaper notifications were the primary means for employers and job seekers to interact. Online classifieds gained quick popularity among users, as they did away with concerns pertaining to physical delivery, logistics and taxation issues.

MUTED ACTIVITY IN THE INDUSTRY (2000 – 2005):

Although online businesses had begun to develop in the late 1990s, the supporting ecosystem had not been put in place. The first wave of e-Commerce in India was characterized by low internet penetration, a small online shopping user base, slow internet speed, low consumer acceptance of online shopping and inadequate logistics infrastructure. Thereafter, the IT downturn in 2000 led to the collapse of more than 1,000 e-Commerce businesses in India. Following this, there was muted activity in the space in India between 2000 and 2005.

SECOND WAVE - DUPLICATION OF GLOBAL BUSINESS MODELS AND

IMPROVEMENT IN ECOSYSTEM (2006-2010) :

1. **Launch of Online Travel agents (otas):** The decision of LCCs to sell their tickets online and through third parties enabled the development of Online Travel Agents (OTAs). Prior to the entry of LCCs in 2005-06, air travel was considered a luxury meant only for the rich and for corporate travel. LCCs changed the scenario by making air travel affordable for a large number of people. They developed their own websites and partnered with OTAs to distribute their tickets online and, thus, contain costs. The Indian Railways had already implemented the e-ticket booking initiative by the time LCCs commenced their online ticket booking schemes.

2. **Online retail:** The growth of online retail was partly driven by changing urban consumer lifestyle and the need for convenience of shopping at home. This segment developed in the second wave in 2007 with the launch of multiple online retail websites. New businesses were driven by entrepreneurs who looked to differentiate themselves by enhancing customer experience and establishing a strong market presence.

3. **Group buying:** Starting in 2010, the group buying and daily deals models became a sought- after space for entrepreneurs in India, emulating the global trend. Group-buying sites have seen a significant rise in the number of unique visitors and membership. This growth has attracted investments from VCs.

4. **Social networking actively used by organizations to reach out to customers:** In the second wave, social networking gained steam in the Indian online space. It has gone on to become an integral part of people's lives. Initially used for staying connected with friends, social networking websites have now emerged as an anchor in any company's digital strategy. Termed as social commerce, it is a key avenue for

e-Commerce players to reach out to target customers. Companies have started establishing their presence in the social media space for branding activities, connecting with customers for feedback and advertising new product launches.

5. **E- COMMERCE BOOM IN INDIA:**
For developing countries like India, e-commerce offers considerable opportunity. E-commerce in India is still in nascent stage, but even the most-pessimistic projections indicate a boom. It is believed that low cost of personal computers, a growing installed base for Internet use, and an increasingly competitive Internet Service Provider (ISP) market will help fuel e-commerce growth in Asia's second most populous nation. Indian middle class of 288 million people is equal to the entire U.S. consumer base. This makes India a real attractive market for e-commerce. To make a successful e-commerce transaction both the payment and delivery services must be made efficient. 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. With stock exchanges coming online the time for true e-commerce in India has finally arrived.

On the negative side there are many challenges faced by e-commerce sites in India. The relatively small credit card population and lack of uniform credit agencies create a variety of payment challenges unknown in India.

SECTOR WISE SHARE OF ECOMMERCE:

Delivery of goods to consumer by couriers and postal services is not very reliable in smaller cities, towns and rural areas. However, many Indian Banks have put the Internet banking facilities. The speed post and courier system has also improved tremendously in recent years. Modern computer technology like secured socket layer (SSL) helps to protect against payment fraud, and to share information with suppliers and business partners. With further improvement in payment and delivery system it is expected that India will soon become a major player in the e-commerce market.

While many companies, organizations, and communities in India are beginning to take advantage of the potential of e-commerce, critical challenges remain to be overcome before e-commerce would become an asset for common people. India's ecommerce industry is on the growth curve and experiencing a spurt in growth. The Online Travel Industry is the biggest segment in ecommerce and is booming due largely to the Internet-savvy urban population. The other segments, categorized under online non-travel industry, include e-Tailing (online retail), online classifieds and Digital Downloads (still in a nascent stage). The online travel industry has some private players such as Makemytrip, Cleartrip and Yatra as well as a strong government presence in terms of IRCTC, which is a successful Indian Railways initiative. The online classifieds segment is broadly divided into three sectors; Jobs, Matrimonial and Real Estate. Mobile Commerce is also growing rapidly and proving to be a stable and secure supplement to eCommerce due to the record growth in mobile user base in India, in recent years. Growth drivers and barriers are present in equal measures for new eCommerce ventures.

A report by the Internet and Mobile Association of India has revealed that India'a E-commerce market is growing at an average rate of 70 percent annually and has grown over 500 percent since 2007.
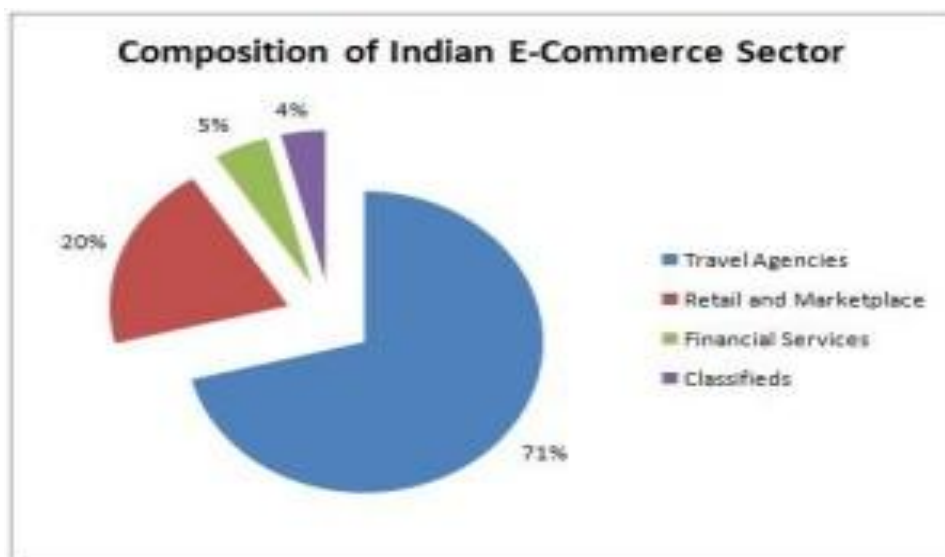
Exhibit 1 Growth Forecast for online retailing and marketplaces in India Source: Dinodia Capital Advisors

Online travel has traditionally been the largest e-Commerce sub-sector (by revenue) in India. Travel segment constitutes nearly 71% of the transactions of consumer e-commerce industry. Online travel players are diversifying their offerings to include hotel reservations, along with the regular ticketing services.

Where as, the online retail segment has evolved and grown significantly over the past few years. It constitutes nearly 20% of the e-commerce transactions. Cash-on-delivery has been one of the key growth drivers and is touted to have accounted for 50% to 80% of online retail sales. Players have adopted new business models including stock-and-sell, consignment and group buying; however, concerns surrounding inventory management, location of warehouses and in-house logistics capabilities are posing teething issues

The financial services industry has extraordinary e-commerce potential and already captures a significant portion of its market through the Internet and accounting a share of almost 5%., which includes Insurance related services, Utility Bill payments including Mobile Bill Payments and Online transactions for Shares & Securities trading.

Classifieds, the earliest entrant in the e-Commerce space in India, is undergoing a shift in operational model from vertical to horizontal offering. It's share is almost 4% in the ecommerce industry which includes B2C Classifieds like Online Jobs & Matrimony, Other B2C categories like Car, Real Estate and B2B Classifieds. Players now offer a gamut of services ranging from buying/selling cars to finding domestic help/babysitter.

ONLINE TRAVELLING SECTOR

Indian E-commerce is dominated by only one sector namely "online travel" which commands over 76% of the market. Globally, India now has the fastest growing population of Internet users, one that has increased by over 40% in 2012 alone.

The growth of the Internet and transparency in the booking process with the consumer being able to easily book all his travel needs are the primary reason for the growth of this sector. Cheaper and discounted options are being made available by all OTAs and growth in low-cost carriers offering affordable fares is also another reason for this sector's growth.   An increase in numbers and usability of credit cards online on account of secure payment mechanisms has also helped.
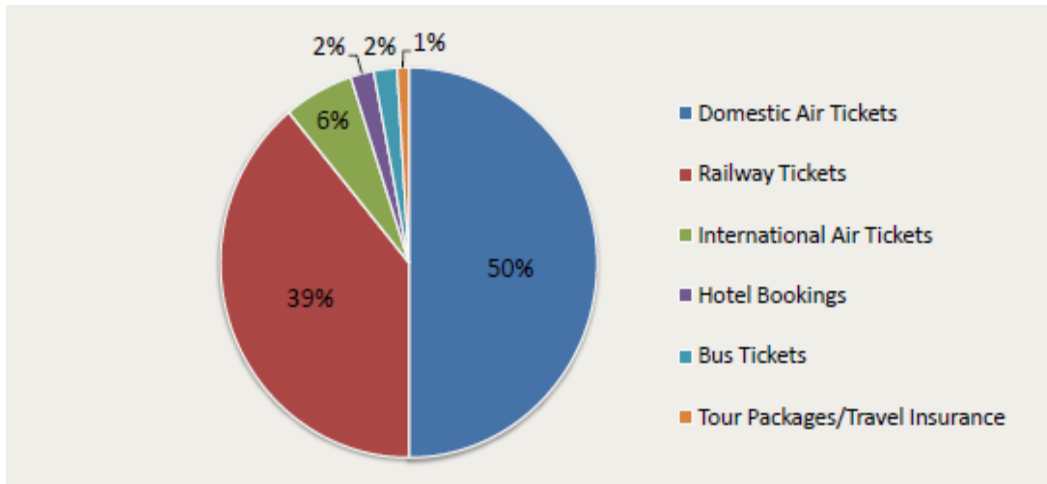
Online Travelling has on an average grown by 32% from INR 14,953 Crores in 2009 to INR 34,544 Crores in 2012 and is estimated to grow by another 30% and be valued at INR 44,907 Crores by the end of December 2013.

REASONS FOR THE GROWTH OF THIS SECTOR :

1. **Increasing Internet Penetration and PC users :** Penetration of internet and mobile broadband services is on the rise in India, the number of smart phone users has increased exponentially and so has the usage of smart apps. Travel apps by OTAs (Online Travel Agents) helped to connect with customers on an additional platform other than the web portal. They also provided convenience and enabled travelers to make their bookings while they are on the go or even at the last minute.

2. **Increased Spending Power of Users :** The spending power of Indian consumers is projected to be more than $1 trillion by 2021, driven by rising prosperity of emerging middle class people, whose population is expected to grow to 570 million by the time.

3. **Indian Railways Online Portal:** The Indian Railway Catering and Tourism Corporation Ltd (IRCTC) provides facility to book train tickets and other related services online. Registered users can avail services like train ticket booking, enquiry for PNR, seat availability, train/fare accommodation, ticket cancellation, ticket refund, SMS, etc. Information related to concessions, rules, policies, FAQs, etc. are available. Agents' details and schemes for the agents are also provided. Links of Mobile Application, flight booking, hotel booking, IRCTC tour packages are given.

4. **Growth in Aviation Industry:** India is the 9th largest aviation market in the world with a size of around US$ 16 billion and is poised to be the 3rd biggest by 2020. India aviation industry promises huge growth potential due to large and growing middle class population, rapid economic growth, higher disposable incomes, rising aspirations of the middle class and overall low penetration levels.

5. **Rise of Medical Tourism:** India is a huge magnet for attracting foreign patients for medical treatments. With general tourism on the rise, it is estimated that the volume of medical tourists worldwide could reach up to 5 million by 2016, attracting additional visitors to the country.

6. **Ease of Transaction:** Websites have become so friendly that the customer has space to post his views or recommendations on the portal. These websites carry destination pictures, hotel views and a city map or similar information and makes it easier for the customer to take a decision.

7. **Providing secure and multiple payment options:** Secure payment mechanisms have given people the desired confidence to carry out transactions online and also multiple payment options gives travelers the freedom to choose the mode of payment they are most comfortable with. This also leads to more travelers making bookings through the website and helps expand the customer base.

Trends identified in this sector include :

1. Trends identified are emergence of value added services among various OTAs including discount vouchers to woo customers and gather a large market share.

RETAIL SECTOR

The opportunity window for online retailers in the country is huge. The main reasons behind that being the rapid urbanization, rising literacy levels, a large percentage of young

2. Emergence of corporate packages is another trend identified.

3. Many OTAs are following a hybrid model constituting online and offline stores to penetrate the market even further.

4. OTAs are also moving towards better technology so as to cater to the increased traffic and offer a user friendly experience to its clients.

5. They are also becoming more responsible and addressing customer queries and complaints swiftly through social media interfaces.

6. It has been identified that OTAs are also a means of information verification and cross checking among customers.

7. One more trend identified includes an increase in PE/VC investments in this sector.
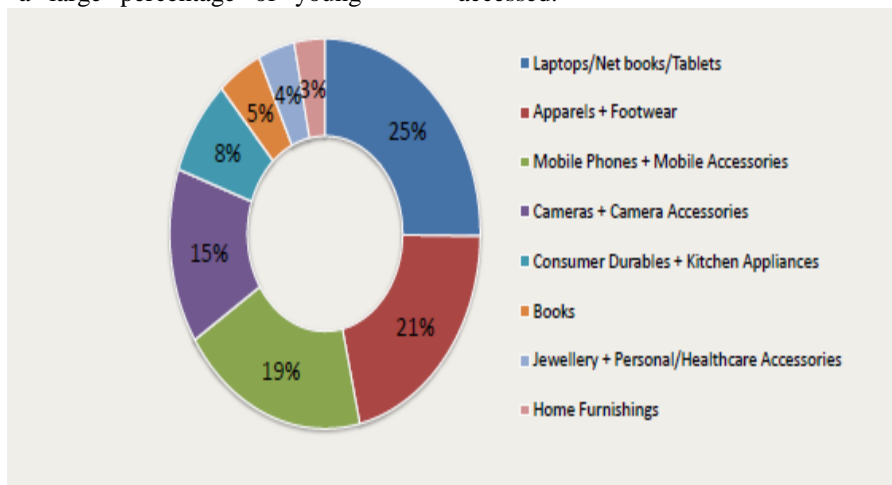
Some of the challenges identified in Online Travel Industry are :

1. stiff competition coupled with low margin
2. high operating costs
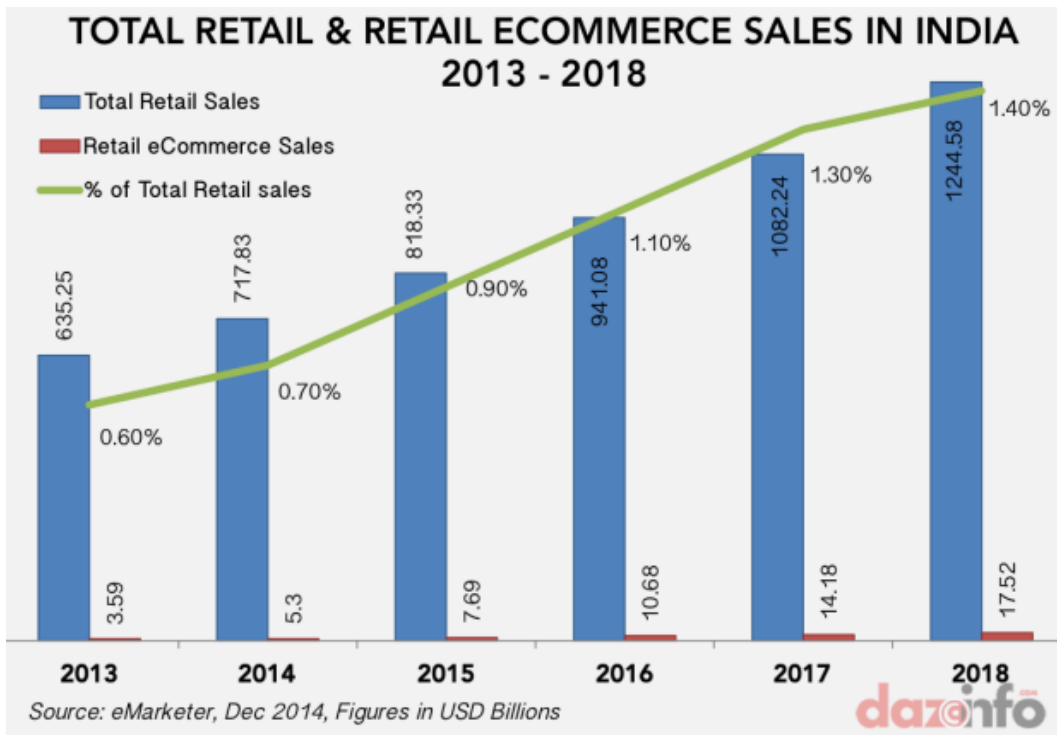3. limited awareness about portals

population, increased smartphone penetration, increasing adoption of computers, rapidly growing access to the internet and the falling rates at which the internet can be accessed.

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). This category is estimated to cross the **INR 10,000 crore** mark in the year 2013.

TOTAL RETAIL & RETAIL ECOMMERCE SALES IN INDIA 2013 - 2018

Source: eMarketer, Dec 2014, Figures in USD Billions

Talking in percentage terms, online retail sales which formed only 0.6% of the total sales volume in 2013 is expected to 'improve' and account for a 0.9% share of it in 2015 and account for 1.4% of the total sales volume in the country by 2018.

Though the trend of purchasing online is catching up in India, only 12% of our population has ever made an online purchase till date. This figure looks pathetic when compared to the neighboring China where more than half their population has had some sort of online buying experience. Sadly enough, **even by 2018, only 29.0% of our population is estimated to begin to make online purchases** while the figure will have leaped to 81% in Japan and 55.2% in China.

MAJOR OBSTACLES THAT WILL HINDER THE GROWTH OF THIS SECTOR :

Government policy: One of the main factors holding back an otherwise robust growth is the government restriction on FDI. As per the existing policy, FDI is not allowed in B2C segment though B2B segment can invite foreign investors too. As a result of this crippling policy, overseas players in India have to operate along the marketplace model which not only reduces their profit margins but also gives them little control of products or services being offered and their delivery. This sector, which requires huge amount of liquid capital and experimentation before online sellers can adopt a model which works best for them, is hugely restricted by this handicap.

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CoD and High Rate Of Return: The most popular mode of payment for online purchases in India is Cash on Delivery (CoD). This affects the profits of the online retailers in two ways- the courier service charges extra for making a CoD delivery. In addition to that, the rate of return which is higher in this mode of payment ultimately translates into higher costs and longer credit cycles.

Touch and Feel Factor: The mindset of the people in the country has not changed with the times. A majority of buyers prefer to touch and feel the goods before they buy them. That also explains why travel is one of the best converting segments- the customers do not need to see the tangible good before them before affecting the purchase.

Cybercrime: A larger part of our population dreads the prospect of having to pay online. While they are comfortable with NEFT and RTGS transfers, they are reluctant using their debit or credit cards for purchasing online, the reason being cyber crime. That includes criminal activities like phishing, DDoS attacks, viruses, malware, etc. Fear of cyber criminals deters credit card holders (though their percentage is extremely low) from using their cards to purchase online. **Logistics:** The huge success of online retail in developed countries is largely because of their rock-solid logistics. In India , the courier delivery guy must call up every time before the packet is finally delivered, though the address is easily locatable. The courier companies do not have even bar code readers to scan the items during transit whereas in U.S, the companies give minute by minute details of the delivery of their package. Though Flipkart has

worked hard on that front and gave regular SMS messages informing about the progress of the package, the major eCommerce players have a long distance to cover before they can give their buyers a WOW level of experience.

Apart from that, the tax rates in India vary from sector to sector which is not the case in countries like UK and USA- they have uniform tax rates. This adds to the woes of online sellers.

Add to it the fact that the average order value is very low, bringing down their overall profitability.

From the consumer's point of view, the quality of goods and services delivered to the consumers has been a cause of concern. There have been cases of fraud, late delivery and damaged goods which only erode away buyers' faith.

Overall, the online retail in India is still in a very early stage. Because of the various hurdles that come in the way of the development of this sector, its growth continues to be slower than in other parts of the world and forms only a tiny percentage of the total retail sales. The government can help by stepping in and easing some of the FDI restrictions.

FINANCIAL SERVICES SECTOR:

The elements here include Insurance related services, Utility Bill payments including Mobile Bill Payments and Online transactions for Shares & Securities trading.

Financial services market was valued at INR 2,886 crores in 2012 and is expected to grow by 25% and reach to INR 3,607 crores by the end of year 2013
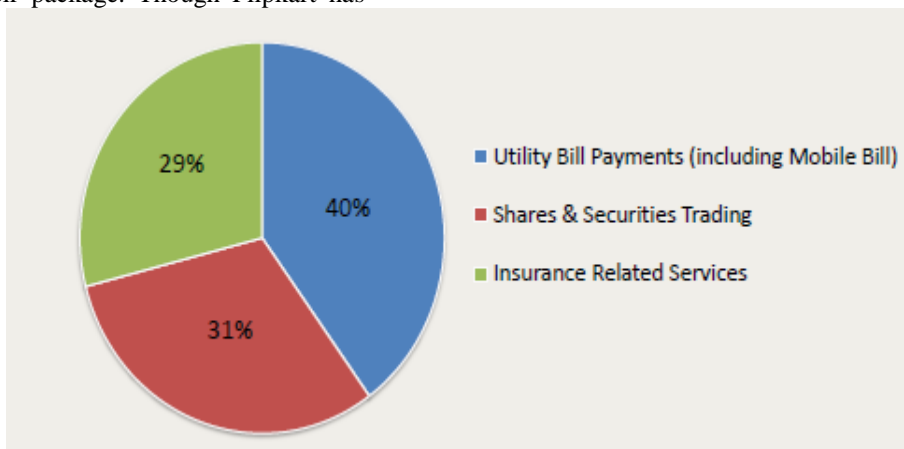
With a growth rate of 8.5% every year, there are many ways in which Internet has affected Financial Services sector in India:

1. Internet Banking
2. Bill Payment
3. E-Brokerage
4. E-Delivery of Financial Services

ONLINE CLASSIFIEDS:

This segment includes B2C Classifieds like Online Jobs & Matrimony, Other B2C categories like Car, Real Estate and B2B Classifieds.
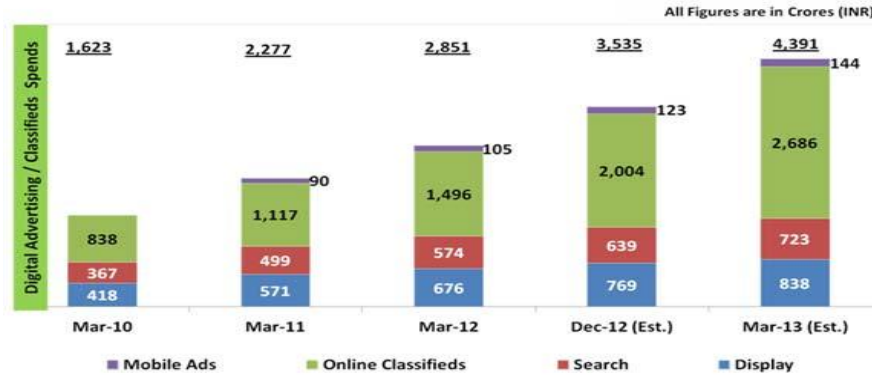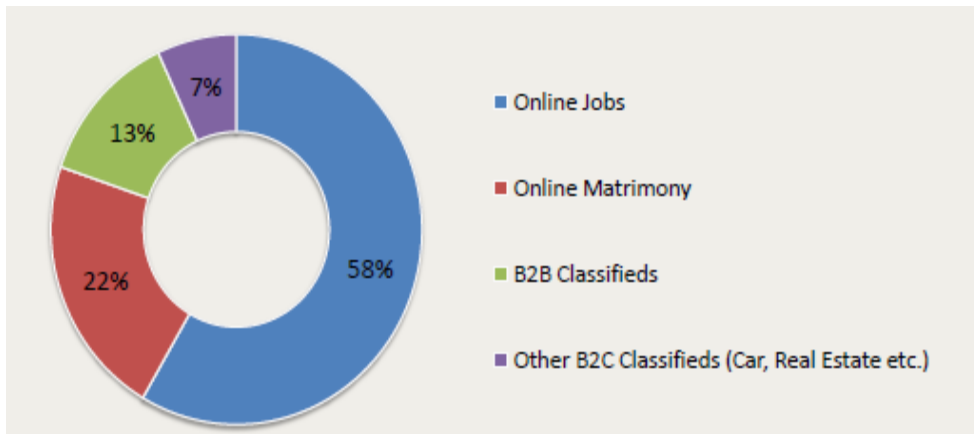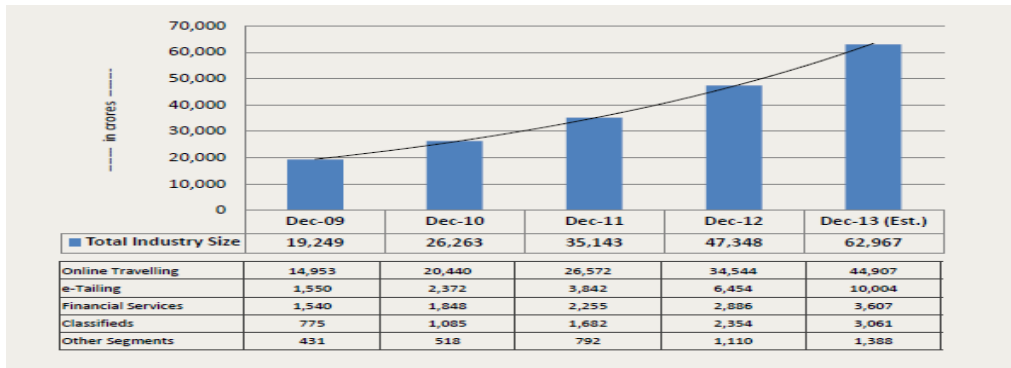

Figure (1)- Indian Digital Advertising Market

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

OTHER SEGMENTS:

This comprises emerging online services like Online Entertainment Ticketing, Online Food & grocery Delivery.

	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13 (Est.)
■ Total Industry Size	19,249	26,263	35,143	47,348	62,967
Online Travelling	14,953	20,440	26,572	34,544	44,907
e-Tailing	1,550	2,372	3,842	6,454	10,004
Financial Services	1,540	1,848	2,255	2,886	3,607
Classifieds	775	1,085	1,682	2,354	3,061
Other Segments	431	518	792	1,110	1,388

IMPACT OF ECOMMERCE ON LOCAL MARKET AND BUSINESS

One of the main advantages of Ecommerce is that it minimizes the cost of transportation, advertising, and marketing. Electronic commerce also reduce the Echo distance between buyer and seller, and thus permitting rapid exchange of information or service between buyer and sellers in any part of the world. E-commerce not only provides options of goods and services at a lower cost, but it can potentially enables much more options to the needs of individual buyers. Nowadays it is relatively low cost for starting any business through Internet.

For business purpose entrepreneurs can utilize the social networking sites, like facebook. So facebook will act as a potential tool for business online, mainly for accessing the targeted wide market as well as for sales and services. The use of mobile phone has greatly improved business by enabling both customer and suppliers a change of direct communication. That has tremendously cut down the transportation cost. A present timeInternet is easy accessible from mobile phones in affordable price. In this contest mobile internet is a very effective tool of Ecommerce for marketing as well as for sales and services.

IMPACT E-COMMERCE: SOCIO-ECONOMIC DEVELOPMENT

As such socio-economic development in the rural areas is a crying need. In order to achieve its goal in the field of business and employment generation a medium is required to reach to the teeming millions of rural people, and to act as an interface between the planners and the people.

That medium can be provided by the Communication and Information Technology and Electronic commerce. Electronic commerce can play a big role in encouraging rural entrepreneurs and thereby promoting village (both Micro and Small–scale) industries.

PRESENT PROBLEMS FOR SMEs:

i) Absence of direct platform for marketing. ii) No training facility for design, development and use of modern technologies.iii) No Training facility available for marketing and use of E-Commerce.

IMPACT OF E-COMMERCE ON ECONOMY

Business and the economy are inextricably linked with the development and implementation of new technology (Tassabehji, 2003). Growth and development of any modern economy has been recognized by many economic theorists, such as Kondratieff, Schumpeter, Mensch and Porter, to be based on innovation of new technology. Porter (1990) emphasizes that the prosperity and competitive advantage of a nation is no longer as a result of a nation's natural resources and its labour force, but rather the ability of its industry to innovate and upgrade. This can be seen as a disruptive technology on a macro environmental level. And today, the impact of new technology on the economy of a nation is indisputable. Continuous growth of E-commerce is expected to have deep impact on structure and functioning of economies at various levels and overall impact on macroeconomy.

FOREING DIRECT INVESTMENT IN ECOMMERCE:

FDI in ecommerce in India has seen around US$1.3 billion of foreign investment in the ecommerce industry since 2010 to June 2013 and a large number of deals compared with some other peers on account of huge potential seen in India.

No of Deals in Indian Ecommerce Industry (2010- June2013)

Source: CLSA (India Online Retailing)
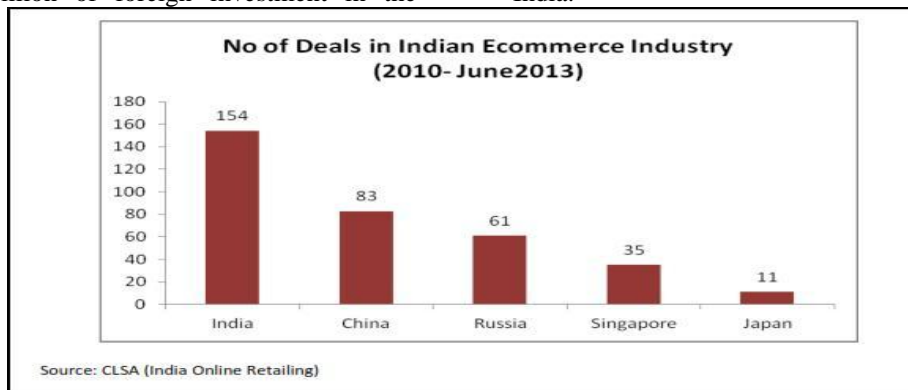
At present, 100% FDI is allowed in business-to-business (B2B) e-commerce. Restriction on FDI in B2CInventory / Independent model has restricted the growth of this segment on account of lack of financial backing required for their expansion plans. Equity funding is important for growth of e-retailing given the large requirements on account of deep discounts given to customer as an acquisition strategy, for establishing logistics and creating differentiation in terms of customer service.

FDI in B2C model is likely to have a positive impact on overall economic development. It will provide the required significant financial backing to the young entreprenuers. MSMEs, if provided financial backing, will be able to enhance their coverage through e-commerce platform. Long-term committed investment will also bring in know how and improve efficiencies in the supply chain necessary for the industry and also lead to competitive pricing. It will boost the ancilliary industries like logistics, warehousing, online advertising etc. Minimum investment requirement, if mandated, in backend may also lead to infrastructure development.

On the other hand, with opening of FDI in B2C model, monopolies of foreign retailers may adversely impact the domestic industry **Brick and Mortar** players as well as existing B2C players leading to consolidation in the industry. It may shrink the Indian Entrepreneurship & MSME sector. However, foreign player's entry with certain riders like mandated minimum local sourcing with the MSMEs will lead to increased manufacturing activities.

GOVERNMENT INITIATIVES:
1. Indian Government constituted National Task Force on IT & SD
2. Institutional set up
   a. EC Council of India
   b. India EDIFACT Committee
   c. Technical Assessment Group
3. HRD Group Constituted
4. Message Development Groups for
   a. Customs
   b. Ports
   c. Airports
   d. Finance
   e. Private Sector
5. EDIFACT Standards declared as national standards
6. On-going awareness programmes
7. Legal backup to EC/EDI documents
8. Process re-engineering committees
9. Sectoral implementation committees
10. Establishment of Article Number and Bar Coding Institution
11. Indian Institute of Foreign Trade (IIFT), Federation of Indian Export Organisation (FIEO), All India Management Association (AIMA), National Informatics Centre (NIC) nominated for creating education and awareness
12. Courses for various level of management were structured

13. Financial assistance given for setting up Electronic Commerce Laboratories
14. AICTE recommended to include Electronic Commerce as an essential part of every technical and management programme
15. Conference and Exhibition on EC is organized on regular basis
16. Session on EC for CEO's of top Indian Companies is organized during every conference
17. Launch of Auto EC Pilot Project
18. Pilot EC projects for healthcare and other sectors
19. Internet based EC
20. Web based application
21. Internetworking of VANs
22. Industry leaders in sectors like Pharmaceuticals, Chemicals, Gems & Jewelry, Textiles, Trading etc., are encouraged to start pilot EC projects
23. Ministry of Commerce to provide support for all pilot EC projects
24. All Trade bodies like CII, ASSOCHAM, FICCI etc., are encouraged to start Awareness and Education programs on EC/EDI for their members for which services of AIMA, NIC, IIFT AND FIEO could be availed

E-COMMERCE LAWS IN INDIA :

There are no specific e-Commerce laws in India. The sector is governed by the IT Act 2000, which regulates the legal obligations of sellers and buyers of goods and services in cyberspace.86 Apart from the IT Act 2000, e-Commerce laws in India need to comply with other statutory laws in force in the country, e.g., the Indian Contract Act and Foreign Investment Regulations. e-Commerce companies also need to comply with banking and financial laws, where applicable.

For example, financial intermediaries are required to obtain licenses from the RBI to provide services. Adding to the complexity of such laws in the country is the fact that legal issues pertaining to the sector differ across categories of e-Commerce. Laws regulating e-Commerce in India are still evolving and lack clarity. This poses a challenge for potential entrants and existing players. Furthermore, the lack of law firms or lawyers specializing in e-Commerce laws compounds the problem. The onus is, therefore, on the government to formulate dedicated e-Commerce laws so that current issues in the sector's legal environment can be addressed.

ECOMMRC TRENDS THAT DOMINATE 2015

The proliferation of smart phones and tablets has let a large number of users to shop, converse and perform several things via the small screen. The significant change in social media and the evolution of eCommerce has made online marketing tactics more considerable and dramatically changing. This year will see various alterations and creations in the eCommerce trends. The top eCommerce trends that will dominate 2015 are:

Omni-Channel Commerce Will Take The Lead

The users do not stick to one device at a time. They don't live in one channel, and flipping between tablet, mobile phone, laptop, PC, etc., is the part of the shopping experience that the users enjoy today, and will persist to enjoy in 2015 as well. Mobile commerce was considered an add-on in the year 2012, but it is actually the way things are going to take place in 2015. The hybrid shopping or the integration between online, mCommerce, brick and mortar, and other platforms will be widespread as a norm in 2015. Keeping in mind the outlook of the customers, the merchants are also making a number of strategies to capture more sales and optimizing various channels on various platforms.

The Consumers Will Go Global

This year may also witness local consumers from all over the world to go global in a major way. As they say that the world is shrinking, the local consumers will also spend a large portion of their online budget on non-local online retailers. This is because of the fact the outlook of the consumers, is changing with time, and they want to explore more. This can pose a serious threat to the local merchants, but will also pave way for them to expand their business in other parts of the world as well.

Content Marketing Will Significantly Increase

In order to make the most of sales and profit margins along with customer satisfaction, presenting yourself in a correct manner in front

of the customer is very important. For this reason, 2015 will see online shops, websites, e-mails, newsletters and other kinds of digital marketing becoming a target.

By consistently creating something of value, and conveying it to the customers through various channels, the companies can largely build trust in the customers. This typically includes giving the audience an entertaining and informative platform, where you publish case studies, blogs, newsletters, press releases, business's website, videos, and various other things. This helps the company to build a strong rapport amongst the audience.

Fast And Same Day Shipping

Till now, the physical stores were on an upper hand at this point of immediate fulfillment after purchase, but with the "same day shipping" policy of Google and Amazon in a few places, this discrimination has also been eliminated by the eCommerce experts. The year 2015 will see more specific, accurate and narrow delivery options at a lightening fast pace, if you order for the product early enough in the day.

Payment Options Will Be Made Easier

With the launch of brightly shining and hyped Apple pay, the payment security and safety is one thing that will not scare the customers anymore. The threat of identity theft and financial frauds will be kept in check, with authorized payment gateways, like PayPal, Apple Pay, Google Wallets, etc.

Wearables Will Also Play A Vital Role

Wearables have already started to become popular, and they will hit the market more with a bang in the coming year. With smart gears, like iWatch by Apple, Pebble, Samsung Galaxy smart gear customers will be more conveniently accessing internet anywhere, in milliseconds. Wearables will play a vital role in 2015 because whatever rapid changes in the promotional schemes, prices of the product, and incentive schemes will take place in the eCommerce or physical shop, will be informed to the customers timely. By determining the real-time location of the customers, the customer can get the location based deals from renowned shops and cafes as well.

2015 will be a great year for the eCommerce trends, and it would be really attention-grabbing to see the divergence between the brick and mortar and the eCommerce platforms.

FUTURE OF E-COMMERCE IN INDIA

Today, we are talking about e-commerce progress level of India, the seventh-largest by geographical area, the second-most populous country, and the most populous democracy in the world. Indian eCommerce space percentage is getting higher as more and more online retailers enter the market. Although this level of entry in the e-commerce market is good from a long term

perspective, the challenge is that most entrepreneurs don't have the resources or capital to wait for years before they can get profits.

The past 2 years have seen a rise in the number of companies' embracing e-commerce technologies and the Internet in India. Most e-commerce sites have been targeted towards the NRI's with Gift delivery services, books, Audio and videocassettes e.t.c. Major Indian portal sites have also shifted towards e-commerce instead of depending on advertising revenue. The web communities built around these portal sites with content have been effectively targeted to sell everything from event and movie tickets the grocery and computers. This is not to say that the e-commerce scenario has been bad in India as highly successful e-business like baba bazaar and India mart have proved.

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 up coming e-commerce market speed post also plain to clone the federal express story with online package status at any moment in time .

The future does look very bright for e-commerce in India with even the stock exchanges coming online providing a online stock portfolio and status with a fifteen minute delay in prices. The day cannot be far when with RBI regulations will able to see stock transfer and sale over the Net with specialized services.

CONCLUSION

A developing country can become industrialized and modernized if it can extensively apply IT to enhance productivity and international competitiveness, develop ecommerce and e-governance applications. An information-based society or knowledge based society is composed of IT products, IT applications in society and economy as a whole. Many countries in Asia are taking advantage of e-commerce through opening of economies,which is essential for promoting competition and diffusion of Internet technologies. Large enough to have a critical mass of 10 to 20 million users to be able to make an impact on e-commerce and e-governance. In the next 3 to 5 years, India will have 30 to 70 million Internet userswhich will equal, if not surpass, many of the developed countries. Internet economy will then become moremeaningful in India. With the rapid expansion of internet, ecommerce, 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.

With the new government focusing on overall economic development, they may look at careful calibrated approach for opening up B2C model in India to FDI. Opening up of Foreign Direct Investment (FDI) in this segment shall change the contours of E-commerce industry in India as well as contribute positively to the overall economic development going forward.

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