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Digitization Wave in India: A Roadmap to Change India's Future

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ABSTRACT

Change is appearing at a speed and business is changing with it. In recent years, consumers have high expectations and there is a paradigm shift in the consumer behaviour and consumption patterns. The e-commerce industry in India is growing fast, booming, and expanding at a larger rate. The concept of online shopping has attracted the Indian population tremendously. Exposure to Internet has been highly instrumental in the e-commerce success. The online shopping has become a trend and the reason behind is attractive online websites, bulky online stores with new fashion, user friendly interface, no bound on quantity & quality, one can choose the items based on size, color, price, etc. easy and secure payment methods like paypal or cash-on-delivery. In accordance with the changing times, the business has to adopt 'digital-first' strategy. In this backdrop, this article focuses on the digitization trend in India.

Keywords: Digitization, e-commerce, Internet

I. INTRODUCTION

There is no definite mantra for success, but in the digital era 'going digital' could be a winning formula for success. Since digital technologies bring in massive productivity gains and competitive advantage, companies across sectors are aiming to ride the digital bandwagon. The digitization embodied in manufacturing and services improves i) efficiency, ii) total factor productivity iii) spill-over effects iv) transparency and v) accountability.

For example:

- e-commerce has enhanced logistics and supply chains;
- Digital payment services have provided flexibility and transparency;
- Digital identification services have enabled de-duplication and prevention of fraud; and
- Digital learning platforms have augmented literacy.

In developed nations like USA, UK, it started about two decades ago, Countries like Japan and Korea, which are considered to be the leaders in online adoption, took a decade to get where they are today, but in India online adoption have taken place much faster.

Initiatives taken by the Government to Promote the E-Commerce Sector

Since 2014, the Government of India has announced major initiatives namely, Make in India, Start-up India, Digital India, Skill India and Innovation Fund. The timely and effective implementation of such programs will likely support the e-commerce growth in the country. Some of the initiatives taken by the government to promote the e-commerce sector in India are as follows:

- In order to increase the participation of foreign players in the e-commerce field, the Indian Government hiked the limit of foreign direct investment (FDI) in the E-commerce marketplace model for up to 100 per cent (in B2B models).
- In the Union Budget of 2018-19, government has allocated Rs 8,000 crore (US\$ 1.24 billion) to BharatNet Project, to provide broadband services to 150,000 gram Panchayats
- As of August 2018, the government is working on the second draft of e-commerce policy, incorporating input from various industry stakeholders.

Inception of E-Commerce in India

IRCTC introduced online ticket booking in 2002

India first came into E-Commerce via the IRCTC, The government of India implemented this online strategy to make it convenient for the passengers to book the train tickets. Hence, the government came forward with the IRCTC, online ticket booking from anywhere at any time, for the first time encountered the Online Passenger Reservation System. This was a boon to the common man as now, no issues for wastage of time during unavailability of the trains; they don't have to wait for long in line, no burden on the ticket bookers and many more. This is a very big achievement in the field of online E-Commerce. The advancements in the technology as the years passed on have been also seen in the IRCTC Online system as now one can book tickets (tatkal, normal, etc.) on one go, easy payments, can check the status of the ticket and availability of the train as well.

Digital booking for Low Cost Airline – 2003

After the unexpected success of the IRCTC, the online ticket booking system was followed by the airlines like Indian Airlines, Air Deccan, Spicejet, etc. Airline agencies encouraged their passengers, web booking to save the commission given to agents and thus in a way made a major population of the country to try E-Commerce for the first time. Today, the booking system is extended to hotel bookings, bus booking etc., are being done using the websites like Makemytrip and Yatra.

Flipkart – 2007

Online shopping has gained popularity in India only with a deep discount model of Flipkart. Soon other portals like Amazon, Alibaba, Jabong, etc. started hunting India for their businesses.

Table: 1
Current Scenario, Internet Users in India (Million)

Area	Internet Users		Total Internet Users
	Male	Female	
Rural	120 (64%)	67 (36%)	187
Urban	230 (73.5%)	83 (26.5%)	313
Total	350	150	500

Source: Internet and Mobile Association of India (IAMAI) – June 2018

Table 1 explains the digital population of India as of June 2018. According to an IAMAI, the number of internet users stood at 500 million in June 2018, the report titled 'Mobile Internet in India 2017' stated that, 'young students are the most prolific users of most services'.

Table: 2
Internet Penetration in India

Year	Internet Penetration
2006	2% (40 Million Users)
2009	4% (80 Million Users)
2010	7% (100 Million Users)
2015	22% (277 Million Users)
2016	27% (405 Million Users)
2017	32% (475 Million Users)
2018	35% (500 Million Users)
2019	620 Million Users
2020	730 Million Users
2021	829 Million Users

Source: Internet and Mobile Association of India (IAMAI) – June 2018

The close observation of Table – 2 reveals that e-commerce growth is directly related to the number of Internet users. According to the report published by Kantar IMRB, 500 million internet users in India by June 2018, the overall Internet penetration is 35 percent of the total population. The number of Internet users is expected to reach 829 Million users by the year 2021.

Table:3
Employment in E-Commerce

Nature of Job	Percentage
Logistics	70%
Customer care	25%
Corporate	5%

Source: Forbes India

According to Forbes India report, 'e-commerce in India employs one million people and the number is set to grow by at least 700 percent by 2020. Seventy percent of those jobs will be in logistics, warehousing and delivery, 25 percent of customer care and IT, and 5 percent in corporate'.

India has witnessed a commendable increase in the ecommerce industry and thereby hitting the market with a boom in the last couple of years. Further, the addition of discounts, coupons, offers, referral systems, 30days return guarantee, 1-7 days delivery time, etc. to the online shopping and the E-Market has added new flavors to the industry. Though the Indian online market is far behind the US and the UK, it has been growing much faster.

The Key drivers of in Indian ecommerce have been:

- Increasing broadband Internet and 3G penetration.
- Growing Living standards
- Availability of much wider product range
- Busy lifestyles and lack of time for offline shopping
- Increased usage of online categorized sites
- Evolution of the online marketplace model with websites like eBay, Flipkart, Snapdeal, etc.

Success Story of Haldiram

Haldiram's the business started with one man, Shri. Ganga Bhishan Agarwal in a very small shop in Bikaner and is today Rs 5,000 crore empire and one of India's Superbrands. The Haldiram family's single-minded determination is to preserve the business and make a mark. Innovative product lines from the restaurant dishes to frozen foods, continuous innovation is the key to keep a business growing. Now the business ventured into the digital world and the digital strategy focuses on augmenting the brand in every possible way.

They actively spend on digital initiatives such as online stores and outreach on Google, Facebook, and Twitter. Their online sales are now 10% of a physical store, with a fraction of the cost. They are now looking forward to launching apps for Android and iOS in the coming months. With these initiatives, they are targeting 1,000 orders per day from the online store and apps on the festive season.

Digital Banking

Banks have benefitted in several ways by adopting newer technologies. E-banking has helped generate revenue through various channels and has resulted in reducing costs drastically. As per last available information, the cost of a bank transaction on Branch

Banking is estimated to be in a range of Rs.70 to Rs.75 while it is around Rs.15 to Rs.16 on ATM, Rs.2 or less on Online Banking and Rs.1 or less on Mobile Banking. The number of customer base has also increased because of the convenience in 'Any time and Anywhere Banking', digitization has also reduced human error.

The Paytm Payment Bank is India's first payment bank with zero charges on online transactions, no minimum balance requirement and free virtual debit card.

II. CONCLUSION

In India, e-commerce industry, is a major player today. The massive growth of the internet in India is reflected in the mushrooming of several startups in areas such as e-commerce, digital advertising, social media marketing and e-payments. Startups in every sector contributing to the process of digital transformation be it agriculture, education, banking, insurance and travel. The government also creating opportunities for innovative startups on its part to collaborate with established institutions and address through digital solution. India will have no less than 15,000 tech startups by 2020, while creating jobs on their own, these startups will also create a collective mobilization of the work force.

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