

# India slowly gets to grips with ecommerce

May 16 2010, by Phil Hazlewood

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File photo of Indian school children checking the results of the Jharkhand state secondary school examination board on their web-site in a Ranchi cyber-cafe. For a country with 1.1 billion people, India's use of computers and the Internet is still low, despite being a major player in global information technology and outsourcing.

Vipul Modi is a busy high court lawyer in India's financial capital Mumbai. Like many people, he uses the Internet to buy rail and airline tickets as well as pay his utility bills.

Yet when it comes to buying other products online, the 44-year-old has misgivings, particularly about the security of his [bank account](#) details and other [personal data](#).

"Online shopping is not something that we feel comfortable with... because the responsibility of something being misused is on the consumer compared with the United States, where it's on the credit card

companies," he told AFP.

"And I'd still not buy some things online because I still like to go and see what it is."

From books to groceries, Internet shopping has become popular in many Western countries for people with disposable income, busy lifestyles and unpredictable working hours.

As Indian society, particularly in big cities such as Mumbai and the capital New Delhi, changes along similar lines on the back of the country's economic expansion, retailers are now looking to follow suit.

Gift shop chain The Bombay Store last month became the latest outlet to launch an online facility, following in the footsteps of major retailers such as Big Bazaar, Pantaloons and shopping portals on websites like [www.rediff.com](http://www.rediff.com).

"Online shopping in [India](#) is on the cusp of taking off," said Deepa Thomas, a senior manager at the [online auction site www.ebay.in](#), which has 2.5 million registered users in nearly 2,500 locations across the country.

"But when it comes to things like product shopping there's still a fairly long way to go."

For a country with 1.1 billion people, India's use of computers and the Internet is still low, despite being a major player in global information technology and outsourcing.

At present only eight percent of Indian households have access to a personal computer, the country's IT and communications minister, Sachin Pilot, said on a visit to Washington in March.

Of India's estimated 60 million Internet users, about six million shop online, with the ecommerce market thought to be worth about 100 billion rupees (2.2 billion dollars) and expanding at about 30 percent a year, Thomas said.

At present, social networking, email and accessing news and sports sites remain the mainstay of computer use for most Indians.

Pilot has predicted an "exponential growth" in computer use and Internet penetration in the coming years, as the government works to extend broadband access into 250,000 out of India's more than 600,000 villages.

Industry analysts such as Nishant Shah, director of research at the Centre for Internet and Society in the southern city of Bangalore, India's IT hub, said that can only help develop ecommerce.

"The countries where Internet shopping has been on the upswing are countries with highly developed broadband infrastructure which allows for quick, easy and secure connections," Shah said in an email interview.

"The lack of strong digital infrastructure means that the Internet is still used by a large majority of people for 'functional' things -- jobs, retrieving information, communication, social networking."

Unlike other countries, India's half-a-billion mobile phone subscribers could drive the sector's expansion, he added.

The government is currently auctioning 3G licences, which would enable more users to access data at high-speed, instead of having to rely on slow, dial-up connections at places such as public cyber cafes, making transactions easier.

Thomas said [eBay](#) was launching a mobile phone application for buying

and selling by the end of June, predicting that "mobile web is going to become a big part of developing the market".

For Asim Dalal, managing director of The Bombay Store, going online makes business sense in the global economy as it expands the company's reach beyond India's borders.

"International visitors comprise approximately 25 percent of our sales," he said in a statement. "Since they mostly are on visit or tour to India, their repeat purchases for gifting or home were restricted."

But if and how quickly Indian consumers will change habits is hard to tell, with a preference for cash transactions and personal contact with suppliers, particularly for food and clothing at bustling markets.

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