International Journal of Research Publication and Reviews

E-Commerce in India – Issues and Opportunities

Mr. Bhushan Bapurao Thete

Assistant Professor, Department of Commerce, Loknete Vyankatrao Hiray Arts, Sci. & Comm. College, Panchavati, Nashik
Email: bthete8@gmail.com

ABSTRACT

This study aims to investigate the current state of e-commerce in India. New Innovative Technologies in Electronic and IT applications is backbone of the Industry development. This can happen only when E-commerce supplements and compliments development of the Engineering Industry and large-scale Quality manufacturing happens in India. India needs to promote E-commerce business to develop rural India by developing effective communication to map value of the goods produced and make available goods and services at low cost to the consumers. Textile garment Industry has got tremendous support by E-commerce by online web portal but consumer needs to be taken into confidence by educational program in rural India. . But it still faces same problems like poor telecom infrastructure, no strict legal bans, and lack of good attitude towards technologies and poor academic syllabus regarding e-commerce The article suggests that a proper step should be taken by the government and private agencies to implement ICT based academic syllabus, update legal frameworks, developing ICT infrastructure and creating awareness of the man people for effective implementation of e-commerce for sustainable economic growth.

Keywords— E-commerce, E-business, online banking, Rural India**, ICT infrastructure.**

Introduction

On July 1, 2015, Indian Prime Minister Narendra Modi unveiled Digital India. India's digital economy is exploding, drastically changing both the country's economic environment and the lives of its people. A business paradigm known as electronic commerce, or e-commerce, enables businesses and consumers to buy and sell goods online. The introduction of 4G networks, rising smartphone penetration, and rising consumer income are predicted to propel the Indian e-commerce business, which was valued at US$ 38.5 billion in 2017 to US$ 200 billion by 2026.India's e-commerce revenue is predicted to rise at the fastest rate in the world—51% annually—from US$ 39 billion in 2017 to US$ 120 billion in 2020**.** The Indian e-commerce industry has been on an upward growth trajectory and is expected to surpass the US to become the second-largest e-commerce market in the world by 2034. According to an analysis, the Ecommerce Industry in India grew from 4% of the total population in 2007 to around 40% in 2017, clearly indicating the rise of the internet era in the world's fastest-growing economy. The growth of the Ecommerce market in India is expected to further be registered at around $188 billion by 2025. This industry would again rise to reach $350 billion by 2030, as per the latest statistical reports. This internet boom is directly proportional to the emergence of Ecommerce in India and other internet-based domains.

The E-commerce industry has been directly impacting micro, small & medium enterprises (MSME) in India by providing means of financing, technology and training and has a favorable cascading effect on other industries as well. The Indian E-commerce industry has been on an upward growth trajectory and is expected to surpass the US to become the second-largest E-commerce market in the world by 2034. Technology-enabled innovations like digital payments, hyper-local logistics, analytics-driven customer engagement and digital advertisements will likely support the growth in the sector. India is also planning to introduce Open Network for Digital Commerce (ONDC). ONDC will enable e-commerce platforms to synchronize search results on all the e-commerce platforms and display products and services from every platform. This will further boost business for MSMEs and help fuel India's e-commerce growth. The growth in the sector will further encourage employment, increase revenues from export, increase tax collection by exchequers, and provide better products and services to customers in the long term.

Objectives-

1) To study the India's prospects in E-commerce.

2) To examine the Advantages Disadvantages of E-commerce in India.

3) To suggest some Remedies to various challenges faced by E-commerce in India.

Limitation of the Study

The study has been conducted only by collecting the secondary data.

Methodology For this research paper data has been collected from secondary sources it includes online websites, daily newspapers Wikipedia journals and articles online published also electronic media from relevant literature.

LITERATURE REVIEW

The report found that nearly 60 per cent of citizens in India visited a retail site in November 2011, with the number of online shoppers increasing by 18 per cent in the past year. International Journal of Scientific Research and Engineering Studies (IJSRES) Volume 1 Issue 4, October 2014 ISSN: 2349-8862 www.ijsres.com Page 27 E-commerce can became an integral part of sales strategy while it is one of the cheapest medium to reach out the new markets, if implemented successfully, it offer a smart way of expansion & doing e-commerce attribute to the successful implementation to carefully understanding the products & services, customers and the business process, easy -to-use system to extend the business on the web.

A new report by the Boston Consulting Group says online retail in India could be a $84-billion industry by 2016 — more than 10 times its worth in 2010 — and will account for 4.5 per cent of total retail.

The e-commerce platforms maximize its reach to the potential customers and provide them with a convenient, satisfying & secure shopping experience.

Major Types of E-commerce	
TYPE OF E-COMMERCE	**EXAMPLE**
B2C—Business to Consumer	Amazon.com is a general merchandiser that sells consumer products to retail consumers.
B2B—Business to Business	eSteel.com is a steel industry exchange that creates an electronic market for steel producers and users.
C2C—Consumer to Consumer	eBay.com creates a marketspace where consumers can auction or sell goods directly to other consumers.
P2P—Peer to Peer	Gnutella is a software application that permits consumers to share music with one another directly, without the intervention of a market maker as in C2C e-commerce.
M-commerce—Mobile commerce	Wireless mobile devices such as PDAs (personal digital assistants) or cell phones can be used to conduct commercial transactions.

(**Source** https://www.drishtiias.com/images/uploads/1580123510_image1.jpg)

Key Factors Promoting the Growth of E-Commerce

•**Convenience & Trust**: It took some time for e-commerce players to gain the trust of the consumer and shed the initial belief that products available at some of the largest online marketplaces were used products. This is because for a long time, the Indian e-commerce space was dominated by e-bay which used to sell used products in India, operating in a marketplace environment. However, as prominent players entered the market backed by a solid supply chain and great marketing & communications, the quintessential Indian consumer realized the convenience of e-commerce and developed a trust with the portal.

Price: A typical Indian buyer is very price conscious and bargains heavily. They are always looking out for deals. This perception is widely regarded as being true. Price has always been the trump card for Indian e-commerce players as most of the products that are available online are cheaper than the same products available offline.

Payment Options: With the advent of digital wallets and UPI (Unified Payments Interface), the payment options have grown over the years. Earlier on, most e-commerce players grew because of the success of the Cash on Delivery (COD) model, which was rather prevalent in India, due to a large amount of Cash being circulated in the economy. It is only in recent times, due to the demonetization drive, Indians have jumped on to the electronic payments bandwagon.

Digital India: The government of India's Digital India initiative has been a key factor in enhancing internet penetration across the country, which has led to a whole host of services being digitally delivered. The invariable result of increase in internet penetration has been the fact that apart from accessing essential services digitally, the consumer has taken to online shopping and online payments, big time.

Domestic Consumption: Any world renowned economist will tell you that the India growth story has been driven by domestic demand and the high consumption of the ever aspirational Indian consumer. The obvious macroeconomic scenario had to play out in the e-commerce space as well.

Language: Most e-commerce portals in India are in English and that has played a big role in the growth of the industry, as India has the largest English speaking middle class population. Moreover, the regional language versions of popular sit

Advantages of E-Commerce

- The e-commerce process brings suppliers and customers closer together, which boosts output and creates ideal competition. Additionally, the buyer has the option to select from a variety of sellers and purchase the best products based on their needs, preferences, and financial constraints. Additionally, clients can now visit virtual stores around-the-clock.

- Consumer transaction costs are significantly reduced as a result of e-commerce.

- One of the fastest-growing commercial routes for the international exchange of goods and services is e-commerce.

- It offers minimal investments and a greater worldwide market reach and response. Both buyers and sellers can use it to make global decisions and sell to a global audience. Geographical limitations and obstacles are eliminated or greatly diminished.

- Through direct interaction with final customers, this e-commerce process **cuts the product distribution chain** to a significant extent. **A direct and transparent** channel between the producer or service provider and the final customer is made. This way products and services that are created to cater to the individual preferences of the target audience.

- Customers can easily locate products since e-commerce can be one store set up for all the customers' business needs.

- **Ease of doing business:** It makes starting, managing business easy and simple.

- The growth in the e-commerce sector can boost employment, increase revenues from export, increase tax collection by ex-chequers, and provide better products and services to customers in the long-term.

- The e-commerce industry has been directly impacting the micro, small & medium enterprises (MSME) in India by providing means of financing, technology and training and has a favorable cascading effect on other industries as well.

- Availability and flexibility: E-commerce sites are accessible 24/7, allowing customers to shop at their convenience without any time restrictions.

- Speed of access: Physical stores often face overcrowding, leading to slower purchasing activities.

- Wide range of options: Range of products can be accessed at single application. Ex. Flipkart, Amazon.

- **No geographical barrier**: Delivery of products are being taken place in the remotest part of the country.

- **Lower cost**: Due to decrease in miscellaneous expenses and increase in economy of scale, cost of the products also gets reduced.

- **Personalization and product recommendation**: Feedback, remarks system prove an idea to customers to know about the products in a better way.

- **For business:** Advantages include an expanded customer base, increased sales, extended business reach, and the convenience of recurring payments and instant transactions
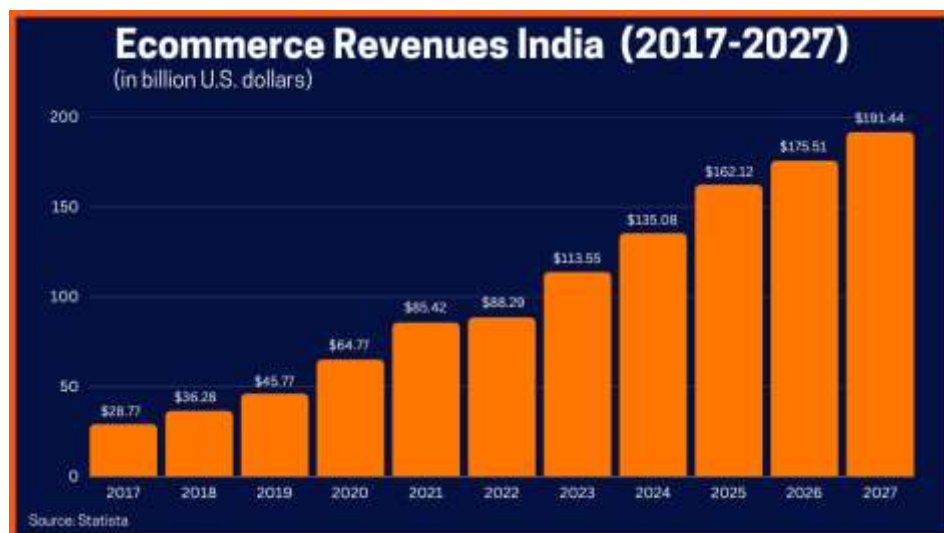
Disadvantages of E-Commerce

- **Inadequate security** precautions during online transactions cause users to feel anxious and fearful.

- **Lack of Privacy**: The general acceptance of e-commerce buying habits is hampered by the lack of strong encryption techniques to protect identification, personal data, and financial transactions.

- **Limited Customer Service**: Compared to e-commerce websites, physical storefronts make it easier to resolve concerns and determine whether a product is suitable.

- **Regulatory Concerns:** The lack of clarity regarding the laws governing online sales creates mistrust between consumers and sellers.

- **Limited Understanding of Product Suitability**: Buying things online eliminates the opportunity to physically handle them; instead, one must rely exclusively on digital photos. Expectations of the buyer may not be met if there are differences between the delivered product and the electronic images offered.

- **Wait Period in Product Delivery:** Unlike physical stores where customers can purchase and take products home instantly, online shoppers must wait for delivery. Although shipping times have improved with next-day and even same-day delivery, instantaneous fulfilment is not yet achievable.

- There is lesser accountability on part of e-commerce companies and the product quality may or may not meet the expectations of the customers.

- It depends strongly on network connectivity and information technology. Mechanical failures can cause unpredictable effects on total processes.

- Definite legislations both domestically and internationally to regulate e-commerce transactions are still to be framed leading to lack of regulation of the sector.

- At times, there is a loss of privacy, culture or economic identity of the customer.

- There is a chance of fraudulent financial transactions and loss of sensitive financial information.

- The Internet is borderless with minimum regulation, and therefore protecting intellectual property rights (IPR) on the Internet is a growing concern.

Government Initiatives Regarding E-Commerce in India

- A draft National e-Commerce policy was prepared in February 2019 and released into the public domain. It addresses six major issues related to the e-commerce ecosystem: marketplaces; regulatory matters; infrastructure development; data; promoting the domestic digital economy; and e-commerce-based export promotion.

- To discuss the issues facing India in the field of the digital economy and electronic commerce (e-commerce), the Department of Commerce launched an exercise, establishing a Think Tank on "Framework for National Policy on e-Commerce" and a Task Force under it .The Reserve Bank of India (RBI) has made the decision to permit "interoperability" between digital wallets, prepaid cash coupons, and prepaid phone top-up cards, among other Prepaid Payment Instruments (PPIs).

- . RBI has also instructed banks and companies to make all know-your-customer (KYC)-compliant prepaid payment instruments (PPIs), like mobile wallets, interoperable amongst themselves via Unified Payments Interface (UPI).

- **FDI guidelines for e-commerce by DIPP:** In order to increase the participation of foreign players in the e-commerce field, the Government has increased the limit of foreign direct investment (FDI) in the e-commerce marketplace model for up to 100% (in B2B models).

- Government e-Marketplace (GeM) signed a Memorandum of Understanding (MoU) with Union Bank of India to facilitate a cashless, paperless and transparent payment system for an array of services in October 2019.

- The heavy investment of Government of India in rolling out the fibre network for 5G will help boost e-commerce in India

- In the Union Budget of 2018-19, the government has allocated Rs 8,000 crore (US$ 1.24 billion) to **Bharat Net** Project, to provide broadband services to 150,000-gram panchayats.

- Currently several significant IPR issues including misuse of trademark rights.

Ecommerce Revenues India (2017-2027)
(in billion U.S. dollars)

2017	$28.77	
2018	$36.26	
2019	$45.77	
2020	$64.77	
2021	$85.42	
2022	$88.29	
2023	$113.55	
2024	$135.08	
2025	$162.12	
2026	$175.51	
2027	$191.44	

Source: Statista

(**Source https://startuptalky.com/ecommerce-industry-in-india**/)

Remedies for Development of e-Commerce in India

- **Risk-Based Regulations**: To handle new issues in e-commerce, a risk-based regulatory framework is required.

- .**Strengthen the Competition Commission of India (CCI)**: Measures should be taken to improve the CCI's ability to properly oversee the e-commerce industry.

- . **Fostering Start-ups and SMEs:** To foster small and medium-sized businesses (SMEs) and internet start-ups, the government needs to establish an environment that supports them.

- **Infrastructure**: To promote the expansion of the e-commerce industry, the government should give top priority to the construction of data centers and cloud infrastructure.

- **. Consumer Protection**: To foster trust and confidence in the e-commerce ecosystem, it is imperative to strengthen consumer protection measures.

- E-commerce has emerged as a significant component of numerous multinational agreements, including the Regional Comprehensive Economic Partnership.

- E-Commerce still faces various issues like international trade, domestic trade, competition policy, consumer protection, information technology etc. As a growing sector with huge interest from both domestic and international players, it becomes pertinent to regulate it keeping in mind the interest of both entrepreneurs and consumers. A conducive environment and a level playing field should be encouraged.

- Policymakers should also be mindful of shaping a vibrant domestic industry. A comprehensive policy is of utmost importance to reflect India's position in both domestic and international or multilateral forums.

Conclusion:

By 2034, E-commerce in India is expected to have grown to become the second largest market in the world, thanks to its impressive growth. It includes a wide range of transactions, enhancing exports, increasing competitiveness, and completely changing logistics. But difficulties like security are becoming more and more prevalent every day. Although e-commerce offers a wealth of options, it must be used carefully to ensure consumer safety. E-commerce growth will also be heavily reliant on efficient IT security systems, for which the required technological and legislative frameworks must be established and continuously reinforced. Even though a lot of businesses, groups, and communities in India are starting to see the promise of e-commerce, significant obstacles still need to be solved before it can benefit regular people.t is clear that in coming years customers will give orders for their products from their homes and form their office. Mobiles and computer are widely used in India now a days and user are eager to do shopping in internet. With the rapid expansion of internet, e- commerce is set to facility of internet but in coming years the rural and sub-urban area will also use the facility of internet. So, the new opportunities will be open for small and big corporations. Concerns, limited customer service, and regulatory issues need to be addressed.

BIBLIOGRAPHY

1. E-commerce in India – Opportunities And Challenges.- Chaitharalaxmi. T and Shruthi. N

2. Abhijit Mitra, E-commerce in India- A Review, International Journal of Marketing, Financial Services & Management Research (ISSN 2277-3622, 2013, 2.

3. Ecommerce in India: Drivers and Challenges a The PwC India Proposition (2015, Nov 11) Retrieved from https://www.pwc.in/assets/pdfs/technology/ecommerce-in-india-drivers-andchallenges.pdf

4. The rise and rise of ecommerce in India. (2015, Nov 10) Retrieved from http://www.ibef.org/download/The-Rise-and-Rise-of-E-commerce-in-India.pdf

5. Kumar, N., Anusara, J., Hossin, M. A., Sarkar, M. K., Chanthamith, B., Shah, S., & Russel, M. I. H. (2018). Challenges and opportunities of e-commerce in India: Pathway for sustainable e-commerce. *Int. J. Eng. Bus. Manag*, *2*, 13-21.

6. Mukherjee, S., & Michael, H. (2016). Modern Trends, Challenges and Opportunity of E-Commerce in India–An Overview. *Challenges and Opportunity of E-Commerce in India–An Overview (June 29, 2016)*.

7. Singh, R. K. (2019). E-commerce in India: Opportunities and challenges. In *Proceedings of 10th international conference on digital strategies for organizational success*.

8. Chanana, N., & Goele, S. (2012). Future of e-commerce in India. *International Journal of Computing & Business Research*, *8*(1).

9. Kaur, J., & Jhamb, H. V. (2012). E-commerce in India: Opportunities and Challenges. *Review of Knowledge Management*, *2*(2), 37.

10. Kumar, A. (2019). E-commerce in India-Challenges and Opportunities. *Interdisciplinary Journal of Contemporary Research*, *6*(13).

11. **https://startuptalky.com/ecommerce-industry-in-india/**

12. **https://www.ibef.org/industry/ecommerce**

13. **https://site.paytabs.com/en/6-factors-driving-indian-ecommerce/**

14. Kumar, N. (2018). E–Commerce in India: An Analysis of Present Status, Challenges and Opportunities. *International Journal of Management Studies*, *5*(2), 3.

15. Kalia, P., Kaur, N., & Singh, T. (2017). E-Commerce in India. *Mobile Commerce*, *10*.

16. Mohapatra, S., & Mohapatra, S. (2013). *E-commerce Strategy* (pp. 155-171). Springer US.

17. Aggarwal, H., & Jain, S. (2020). E-Commerce in India. *E-Commerce India Econ. Leg. Perspect*, 36.

18. Bansal, R. (2013). Prospects of electronic commerce in India. *Journal of Asian Business Strategy*, *3*(1), 11-20.

19. Gupta, A. (2014). E-Commerce: Role of E-Commerce in today's business. *International Journal of Computing and Corporate Research*, *4*(1), 1-8.

20. Chatterjee, D., & Ghosal, I. (2014). E-Commerce In India Future And Its Perspective: A Study. *International Journal of Scientific Research and Engineering Studies (IJSRES)*, *1*(4), 25-31.