

A Study on Growth and Challenges Faced By E- Commerce in India

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Abstract- E-Commerce stands for electronic commerce and caters to exchange of products, services and information via internet. Electronic commerce is more than just buying and selling products online. It includes the entire online process of developing, marketing, selling, delivering, serving and paying for products and services. It is doing business online. It includes any commercial activity that takes place directly between a business, its partners, or its customers through electronic communication and digital information processing technology. The present paper an attempt has been made to study the systems of e-commerce models, objectives of the study, the growth of e-commerce, challenges faced by e-commerce in India.

Keywords: Accessibility, Commerce, Comparative, Internet

I. INTRODUCTION OF E-COMMERCE

By the term e-commerce mean electronic commerce. With the advancement of technology and computer application, computers are largely being used for undertaking and expanding business activities. Internet connections enabled as well as facilitate the companies largely in respect of information transfer, reacting to the customers, making payments, selling goods and services, recruiting employees etc. Thus in modern age, a large number of business activities are undertaken electronically through computers and internet facilities.

Such carrying out of conducting business activities with the help of computers and internet is termed as e-commerce. Thus by the term e-commerce mean electronic commerce. This is an online system of purchase and sale of goods through the route of the internet.

In this system of business, there is no need to visit the shop physically either to purchase or sale the commodity. Rather through online system, we can place an order for the supply of the commodity and after completing the formalities, the goods will be delivered at our doorstep by the company engaged in the business of electronic commerce.

Thus e-commerce has been considered as a new and improved method of conducting traditional commerce. Accordingly, e-commerce automatics the manual processes and thereby transforms the business organizations into a fully electronic environment and also change the operation of business completely.

In e-commerce, there are no legal and geographical barriers. Here the sellers are composed of small businessmen, large organizations and individuals and the buyers include consumers or business units spread throughout the world. In e-commerce, the payments can be made through cash, credit card, cash credit, debit card, money order, cheque etc.

1.2 OBJECTIVES OF THE STUDY

- To study the present status of E-Commerce in India.
- To examine the barrier of E-Commerce in India.
- To discuss on the future of E-Commerce in India.
- To study on systems of e-commerce models in India.

1.3 RESEARCH METHODOLOGY

Research Methodology is the systematic and theoretical analysis of the methods applied to a field of study. It includes the process used to collect information and data for the purpose of making decisions. In the present paper, the secondary source of information has been used. The data has been collected from journals, books and websites.

II. REVIEW OF LITERATURE

Mishra & Kotkar (2015) trace the timeline and development of B2C e-commerce in “A Study on Current Status of E-Commerce in India: A Comparative Analysis of Flip kart and Amazon” with its inception in the mid 1990s through the advent of matrimonial and job portals. However, due to limited internet accessibility, weak online payment systems and lack of awareness, the progress was very slow. The Indian B2C e-commerce industry got a major boost in mid 2000s with the expansion of online services to travel and hotel bookings which continue to be major contributors even today.

Madhukar Sarode (2015) in his paper concluded that ecommerce is future of shopping and gap has been reduced between manufacturer and consumer due to e-commerce. There is vast scope for e-commerce in India but due to weak cyber law, people are facing challenges in India.

H. Ramchandani (2016) in her paper concluded that the retail e-commerce sales in 2015 as a percentage of total retail sales in India accounted for approximately 0.9 percent of all retail sales in India. However this figure is expected to grow in near future and is estimated to reach 1.4 percent in 2018. E-Commerce has greatly impacted the business of physical retailers’ especially small retailers. International e-retailers are giving a strong competition to domestic ones. However physical retailers still have a very good standing in the Indian market as Indian consumers generally like to inspect the goods before making any purchase.

Browntape (2017) talks about what sells most in the Indian Ecommerce market? He says that according to a study by Google India, E-Commerce is growing in India at a massive rate. The number of online buyers in 2014 was 35 million as compared to the meager 8 million in 2012. Ecommerce is a sector that becomes a phenomenon in India and something no one could ignore. Electronics attracted maximum attraction online from the consumers while Apparel and Accessories topped the sales charts.

Khosla (2017) explains why E-Commerce Boom in India: Why online shopping is here to stay. The study conducted on the retail market in India says that the growing popularity of online shopping is affecting offline retailers since online companies are offering better prices and have attractive promotional strategies. It is also easy to reach the consumers online. The online channel gives consumers the opportunity to shop anytime anywhere with the help of the internet and this is motivating the retail chains to get into the online business.

III. THE SYSTEMS OF E-COMMERCE MODELS:

➤ B 2 C (Business to Consumer e-Commerce):

The B 2 C system is the most commonly used system of e-commerce throughout the world. It facilitates firms to sell goods and services to its customers or consumers via internet. Such on line shop fronts are termed as e-mails. The firms and merchants have to establish link through widely used portals like Hotmail, Rediffmail, and Yahoo etc.

➤ B 2 B (Business to Business):

The B 2 B system of e-commerce is also a popular system which is designed to allow business firms to collaborate or to sell goods and services among themselves.

➤ B 2 B 2 C (Business to Business and to Commerce):

This is a combination of B 2 B and B 2 C systems of e-commerce. Under this system, business firms collect orders from customers through internet and then place orders with wholesalers and manufacturers for supplying these goods also through internet.

➤ G 2 B and G 2 C (Government providing services to Business as well as consumers):

This system of e-commerce usually helps the government to provide services to business firms as well as consumers. Under this system, services may range from the on-line provision of information through electronic submission or lodgments of tax returns and forms.

IV. THE GROWTH OF E-COMMERCE:

The growth in e-commerce has added a new dimension to trade policy which countries have to take account of by formulating rules to keep abreast of the fast growing technological developments. The WTO General Council agreed on the comprehensive

working definition of electronic commerce as “the production, distribution, marketing, sale or delivery of goods and services by electronic means”.

Electronic transactions involve three stages namely searching, ordering making payment, and delivery of products. Electronic delivery of goods is by far the most challenging aspect from a policy perspective as such trade is compounding rapidly without any global regulatory framework and hardly any national or international legislation.

In recognition of the growing importance of electronic commerce in international trade, the Second Ministerial Declaration of the WTO at Geneva adopted a declaration on global electronic commerce on May 20th 1998, which directed the WTO General Council to establish comprehensive work programmes to examine all trade related issues arising from electronic commerce.

The work programmed includes issues like characterization of electronic transmission as goods or services of market access involving the method of application of customs duties to electronic transmission classification of digitized products under the existing Harmonized System (HS) of trade classification, rules of origin, standardization and development dimensions involving the effect on revenue and fiscal positions of developing countries in future; etc.

The 1998 declaration also included a so-called moratorium stating that “members will continue their current practice of not imposing customs tariffs on electronic transmission”. The work programmed was adopted by the WTO General Council on September 25th 1998.

V. CHALLENGES FACED BY E-COMMERCE IN INDIA

❖ **Infrastructural Problems:**

Internet is the backbone of e-commerce. Unfortunately, internet penetration in India is so far dismally low at 0.5 per cent of the population against 50 per cent in Singapore. Similarly, penetration of personal computer (PC) in India is as low as 3.5 per thousand of population compared to 6 per thousand in China and 500 per thousand in US. Internet is still accessible through PCs with the help of telephone lines. Given the penetration of telephone only 2.1 per cent of population, e-commerce remains far away from the common man. It is difficult for e-commerce to reach to 1,000 million population spread over 37 million households in 6, 04,374 odd villages and 5,000 towns and cities. Besides, both cost of PCs and internet access in India are quite high.

❖ **Absence of Cyber Laws:**

Other big challenge associated with e-commerce market is the near absence of cyber laws to regulate transactions on the Net. WTO is expected to enact cyber laws soon. The India's Information Technology (IT) Bill passed by the Indian Parliament on May 17th 2000 intends to tackle legislatively the growing areas in e-commerce.

The Bill also intends to facilitate e-commerce by removing legal uncertainties created by the new technology. As it stand today, the Bill deals with only commercial and criminal areas of law. However, it does not take care of issues such as individual property rights, content regulation to privacy and data protection specific legislation.

❖ **Privacy and Security Concern:**

As of to-day, quite vulnerable issues related to e-commerce are privacy and security. So far, there is no protection offered either by Website or outside watchdogs against hazard created by exploiting one's privacy.

❖ **Payment and Tax Related Issues:**

Issues related to payment and tax is yet another problem continuously hinting e-traders. The electronic payment is made through credit card or plastic money which could, however, not become popular so far in India mainly due to two reasons. First, the penetration of credit card in India is very low 2 per cent of the population. Second, the Indian customers are quite skeptical of paying by credit card with the increasing threat of fraud played by hackers. Like elsewhere, credit card could not gain growth in India mainly because of authentication and recognition problems of electronic signatures.

❖ **Digital Illiteracy and Consumer Psyche:**

At present, digital illiteracy is one of the formidable problems e-commerce is facing in India. On the other hand, the continuous exodus of skilled computer engineers to other countries has denuded India of software engineers. This has posed a real threat to the Indian IT industry. Obviously, solution to this problem lies in curbing the computer brain – drain and uses the same in the country. The Indian consumer is also characterized by his unique psyche. Usually, the Indian consumer does not go long distances for having any good of his choice when a neighborhood store provides him whatever he wants.

That is why the consumer does not browse the net knowing the consequent hassles of connectivity and other botherations. Added to this is that building trust on the electronic media also takes long time more especially when the vendor is situated at a very far off place.

❖ **Virus Problem:**

That computer virus is also a formidable problem in the execution of e-transactions is confirmed by the computer virus originated in Manila. A computer virus lagged 'I Love You' originated in Manila, Philippines on May 5th 2000 rippling across world, inflected millions of computer files causing colossal loss of US \$7 billion to the governments and the businesses. The offenders causing 'virus' must be awarded deterrent punishment, otherwise similar assaults in future can cause lasting blows to the quite young e-commerce in India as well.

❖ **English Specific:**

Last but not the least, the software so far in the country is English specific. But, in order to make e-commerce reach to the small enterprises, it needs to be available in the languages regional of the owners of the small enterprises to enable them to adapt e-commerce processes in their operations. Sooner it is done, better will be it for small enterprises to adapt e-commerce.

VI. FUTURE OF E-COMMERCE IN INDIA

The E-Commerce sector in India is growing rapidly in India. The internet users' base in India might still be mere 400 millions which is much less as compared to developed nations of the world, but it is expanding day by day. The accelerating growth of e-commerce in India is due to internet penetration and easily available smart phones. Furthermore the favorable demographics and government effort of digitalization is also pushing the growth of e-commerce sector in India. Retail sector is one of the largest growing sectors in India at present, which is expected to grow in future with an increasing rate.

VII. CONCLUSION

E-Commerce has made the shopping easy. The E-Commerce Industry in India is growing rapidly despites many challenge. E-commerce industry is one of the largest growing industries in India at present. The sale of e-commerce industry is expected to grow by almost 4 times by 2021 than the sales of 2015. This unprecedented growth in E-Commerce is due to increase in smart phones and internet users, 3G/4G internet services, awareness in public, government initiative of digitalization, advanced shipping and payment options, entry of foreign e-business players etc. Government should take steps to provide a proper legal framework so that hurdles in the growth of e-commerce are reduced to minimum.

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