# E-Commerce in India: Opportunities and Challenges

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**Abstract**
Electronic commerce commonly written as e-commerce is buying and selling of products and services by businesses and consumers over the internet. Electronic commerce draws on technologies such as mobile commerce, electronic funds transfer, internet marketing, online transaction processing, electronic data interchange, and inventory management systems. Due to the popularity of e-commerce, there is tremendous increase in exchange of goods and services both regionally and globally. This paper represents the opportunities for wholesalers, producers and for people. This paper discusses about the trends of e-commerce in India and the factors that would be essential for future growth of e-commerce in India.

**Keywords:** e-commerce, recent trends, challenges, opportunities

## Introduction
Electronic commerce or e-commerce means dealing in various goods and services through the electronic media and internet. On the internet, the vendor directly sells the products to the customer using digital shopping cart and allows the customers to make the payment through various means such as credit card, debit card or EFT payments. E-commerce includes not only buying and selling goods over the Internet, but also the various business processes within the individual organizations that support the goal. The positive effects of e-commerce are already appearing in all areas of business, from customer service to new product design. It provides the new type of information based business processes to attract the customers like online advertising and marketing, online customer service. It helps to reduce the costs in managing the orders and interacting with the wide range of suppliers and trading partners. Major Indian portal sites are now selling wide range of products and service form greeting cards, flowers and movie tickets to groceries and computers. E-commerce is transforming the shopping experience of Indian customers. The introduction of electronic data interchange spreads into producers, retail traders, stock market operations and travel reservation etc. which resulted in high growth of the economy. The term e-commerce means doing business online with the help of computer, fax, telephone and e-mail.
In 1972, the term 'E-commerce' used by IBM for the first time. In 1973, with the invention of computers the first successful transaction was carried out between the European Union and USA. In 1995, the introduction of internet in India markets the beginning of e-commerce in the country. Internet and Mobile Association of India states that Indian online retail market is expected to grow at the rate of 52% and will reach USD 36.7 billion in 2020.
The main reason behind the growth of e-commerce in India is to provide the wide range of the products with minimum price. In modern era, every business unit wants to join the online business because of increasing number of internet users in India.

## Modes of E-commerce
### 1. Consumer to Consumer (C2C):
It finds innovative ways to allow the customer to interact with each other and by doing so; they can sell the goods and services to each other.

### 2. Business to Consumer (B2C):
B2C transaction is conducted over the internet between a business and the consumer e.g. an online publisher may sell his book to a customer and receive payment without meeting him/her.

### 3. Business to Business:
It refers to the situation in which one business makes the transactions with another.

## Objectives of the study
1. To analyze the present trends & e-commerce in India.
2. To know the opportunities of e-commerce in India.
3. To examine the barriers of e-commerce in India.
4. To find out the factors which are responsible for the growth of e-commerce in India.
5. To study the users of e-commerce in India.

## Research Methodology
This research is based on secondary data. For the purpose of study, the data have been collected from various articles, journals, books and websites etc. It has been used to study the evaluation, conceptual framework of e-commerce, present trends, future prospects and barriers of e-commerce.

## Analysis of Data
### A) Internet Users in India
India had more than 100 million internet users in the year 2010 and this value reached 121 million users by the end of 2011, which make it the third largest country in internet population. It was found that number of internet users in 2015 is triple i.e. 243 million. It shows the increasing number of internet users in India.

**Table 1**

| Year | Internet Users | Mobile Users |
|------|----------------|--------------|
| 2008 | 63 | 2 |
| 2009 | 78 | 5 |
| 2010 | 93 | 12 |
| 2011 | 121 | 30 |
| 2012 | 155 | 65 |
| 2015 | 243 | 200 |
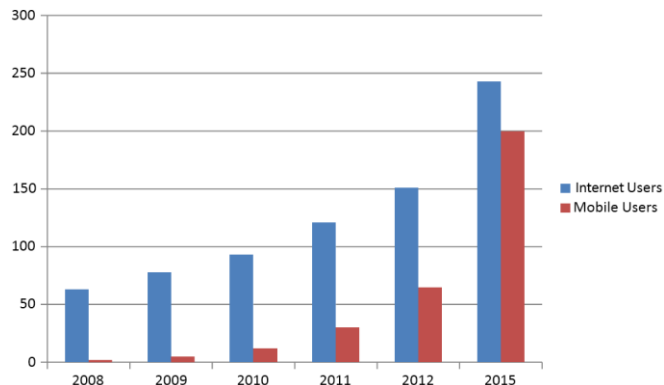


**Fig 1**

**(B) Geographical Distribution of Internet Users in India**

**Table 2**

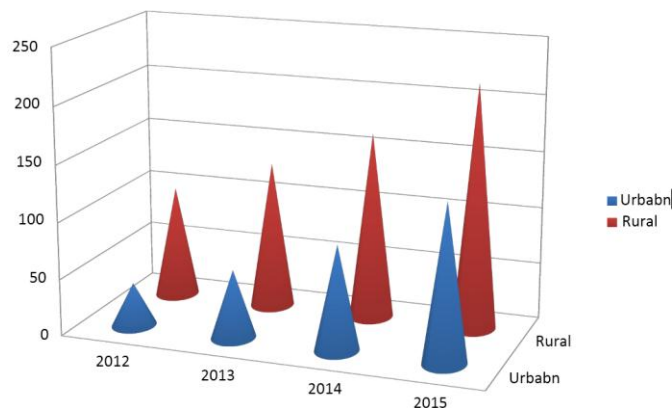| Year | Urban | Rural |
|------|-------|-------|
| June 2012 | 38 | 99 |
| June 2013 | 60 | 130 |
| June 2014 | 92 | 165 |
| June 2015 | 138 | 216 |



**Fig 2**

**Advantages of e-commerce**
**To Suppliers:**
E-commerce gives major benefits to its suppliers which are as follows:

**a) E-commerce reduces the distribution costs:**
The study done by Economic Co-operation and Development (OECD) has revealed that the time to complete one order has been reduced to 50 per cent to maximum of 96 percent.

**b) It helps to make the business globalize:**
E-commerce helps the suppliers to disseminate the information about its products and services to all the potential customers spread worldwide. This is well evidenced from Amazon.com, the largest book store in the net by taking away a large amount of sales from the traditional booksellers.

**c) It helps to market the products more quickly:**
It has become very easy for the suppliers to bring the products and services to the market very quickly. This has become possible by taking the entire product design online, drawing partners and customers in to the process and removing the communication barriers.

**To Customers**
**a) Convenience**
Customers can buy the products from anywhere in the world without moving away from their workplace through internet. So, E-commerce facilitates the consumers to buy the goods or services without causing any physical constraints to the consumers.

**b) Adequate Information**
Internet is used as main vehicle to conduct transactions in e-business. E-commerce allows the customers to search for product, compare the prices and finally they can evaluate the products properly before making any decision regarding purchase of the product.

**Factors responsible for the growth of e-commerce**
a)  Location based services: providing the right product at right time becomes an integral aspect.
b)  Multiple payment option: customers have option to make the payment through credit Cards, debit cards and through bank.
c)  Replacement Guarantee: 30 days replacement guarantee is offered to the customers.
d)  Price Comparison: It provides the facility for comparison of the price for the various products.
e)  Legal challenges: There should be legal requirement of generating invoices for online transactions.
f)  Quick service: timely service should be provided by the company.
g)  Customer care centre: A dedicated 24/7 customer care centre should be there.
h)  Shipping option: There should be low cost of shipment.

**Challenges in E-commerce Sector**
There are some barriers which are responsible for slow development of e-commerce in India. Hamilton (2002) indicated some barriers in using e-commerce which includes lack of skills, increasing cost, security problems etc. some of these are:

**1. Cash on Delivery is the preferred mode of payment in India**
Most of the people prefer to pay cash on delivery due to the low credit diffusion and low trust in online transactions. People do not trust paperless transactions.

**2. Infrastructural Problems**
Internet is the backbone of e-commerce. Internet penetration in India is still very low (34.8) compared to other countries. The connectivity of signal is poor in several rural areas.

These are the major hurdles in the path of development of e-commerce in India.

## 3. Absence of Cyber laws

One of the major challenges in the growth of e-commerce is absence of Cyber Laws so as to regulate the transactions on the Internet. Cyber laws do not take care of issues such as individual property rights, regulation to privacy and protection of specific legislation.

## 4. Payment of Tax related Issues

Indian tax rate system is one of the major reasons for the slow growth of e-commerce in India as comparative to other developed countries such as USA and UK. Tax rate in these countries is uniform where as tax rate in India varies from sector to sector. But now the Government of India has implemented the Goods and service Tax (GST) to replace all the taxes. The main objective of this tax is to make the India a unified market.

## 5. Vendor Management

However the advanced system may be, vendor will have to come down to deal with any inefficient system of inventory management. Most of the vendors won't carry nay digital data for their products, no digital data sheet, no mechanism to check daily prices.

## Conclusion

E-commerce is changing the way of buying and selling of goods and services in India. E- Commerce is the future of shopping. The gap between the manufacturers and the customer has been reduced due to e-commerce. The government is also paying attention towards legal framework of e-commerce, prevention of fraud and international trade etc. The number of users are also increasing in urban as well as in rural areas.

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