



## A study of impact of E-commerce in India: Challenges and issues

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### Abstract

One of the sectors of the Indian economy that is expanding the fastest is e-commerce. E-commerce is a paradigm shift that offers consumers a number of benefits, including more options, time savings, and cheaper prices for goods. Global e-commerce is expanding quickly.

Electronic commerce encompasses not only the buying and selling of goods and services through the internet, but also the entire process of creating, promoting, offering, delivering, maintaining, and receiving payment for goods and services. E-commerce is growing and offering benefits not only to developed nations but also to developing nations. E-commerce is crucial to the growth of the Indian economy and its globalisation.

E-commerce is becoming recognised as a key component of business decisions and offers opportunities for exploration going forward. E-commerce is about how the business world has changed its perspective on exchanging. E-commerce forecasts indicate that the Indian economy's business development will see extraordinary opportunities. Using mobile applications and the internet of things expands the online shopping experience's customer base. As a result, during the past few years, the Indian e-commerce industry has experienced exciting development. India offers a huge retail opportunity overall, but the internet industry faces many significant obstacles. As a result, it has been decided to portray the current state and potential future of the Indian e-commerce industry in the current review. It makes it easier to examine current trends and investigate the opportunities and problems facing India's e-commerce industry.

**Keywords:** E-commerce, Indian economy, globalisation, GDP, Economy, customer, online, shopping

### Introduction

One of the most significant aspects of the information technology revolution, electronic commerce is now widely used in both the Indian economy and global trade. Electronic commerce, or "e-commerce," refers to the exchange of goods and services via the internet and electronic media. Businessmen are becoming increasingly aware of the opportunities provided by e-commerce these days. E-commerce is not limited to urban areas; it has a strong presence in rural areas as well. India is demonstrating that smartphones and the internet are the main factors driving the expansion of e-commerce. An easier way to make payments, quick product delivery, large discounts, customer-friendly policies, and simple return policies are encouraging more people to shop online.

### Definition of E-Commerce

"The buying and selling of goods or services through the internet, along with the transfer of funds and data to carry out these transactions, is referred to as e-commerce, also known as electronic commerce or internet commerce." Although the term "e-commerce" is frequently used to refer to the online sale of tangible goods, it can also refer to any type of business transaction made possible by the internet. Although, there isn't a single definition for electronic commerce, it's generally accepted to mean the exchange of money or data via an electronic network for the purpose of buying and selling goods and services. The conduct of business in goods and services with the use of telecommunication and telecommunication-based tools is known as electronic commerce, according to Roger Clarke. Electronic business supports e-commerce. Mobile commerce, electronic funds transfers, supply chain management, online marketing, online transaction

processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems are just a few of the technologies that were made p

1. **(C2C):** In this kind of online shopping, the consumer sells the goods directly to the buyer.
2. **Customer To Business (C2B):** In this kind of online commerce, a single customer sells their goods or services to a business.
3. **Business To Government (B2G):** The compromises of commerce between businesses and the public sector are listed in this section on e-commerce.

### Reasons behind the Growth of E – Commerce

#### 1. Busy Lifestyle

People's lives are moving so quickly that they are unable to shop in the crowded markets every time. Additionally, consumers prefer to shop in a laid-back setting.

#### 2. High Income for Disposal

People now have more purchasing power because there are more job options, which has raised incomes. As a result, they are eager to pay for the online goods.

#### 3. Knowledge of the Products

With the help of media outlets like TV, radio, newspapers, and others, people these days are far more aware of new products, their features, prices, etc. Thus, they confidently shop online.

#### 4. Rising Computer Educational Level

The Indian government and educational institutions are working hard to raise the bar for computer education. People are more familiar with the devices and uses of computers.

Not just urban students, but also rural students, housewives, and professionals are drawn to the advancements in e-commerce and e-business. As a result, there is a huge demand for using and purchasing new products online.

### Increased Usage of Internet

There are currently over 100 million people using the internet. Furthermore, these underlying Web users have been transformed into Web clients by sophisticated online travel operators in recent years, which has increased the dominance of e-commerce.

### Opportunities for E-Commerce

According to reports, the emergence of the electronic marketplace, or e-marketplace, during the 20th century is credited with being the precursor to electronic commerce. An electronic marketplace is a man-made area where buyers and sellers transact business in a manner similar to that of a physical marketplace. E-market places facilitate various forms of economic transactions, including the exchange of goods and services, information, and ideas. E-commerce hubs have evolved into a place where trade is optional. Lastly, an e-commerce hub can serve as an information specialist, providing traders and buyers with details about products and various industry players. These attributes have been reshaping the economy by impacting the behaviour of buyers and sellers. E-businesses have an impact on all businesses, traditional or online. It makes it possible for the various links in a value chain to collaborate much more effectively than in the past. Choosing e-business also enables companies to reduce expenses and improve customer satisfaction.

Companies that modernise their business practices benefit from the plethora of new possibilities that technology has made possible. The term "e-commerce" is broad and can refer to anything from online ordering and paid delivery of goods to financial transactions like money transfers between bank accounts. Financial services is one industry where e-commerce is showing some promising trends. The development of online stock exchanges was encouraged during the period of broadband diffusion.

### Impact of E-Commerce on India's Economy

E-commerce is expanding in India not only as a result of rising internet usage but also because of the supportive environment that the industry has created. In India, e-commerce and electronic automation applications have experienced rapid growth. Village economies are developing as a result of e-commerce's ability to connect businesses in rural India. The National Report on E-Commerce Development in India makes it quite evident that internet penetration has increased significantly in India. The number of internet users increased to 429.23 million in 2017, and this number is predicted to rise sharply to 829 million in 2021, greatly boosting India's internet economy. It was therefore necessary to establish a connection between the development and effects of e-commerce within the Indian context, given the country's increasing adoption of digital technology and the internet." It was evident that as the number of digital buyers increased, internet penetration would inevitably rise as well. As we previously noted in a paper, m-commerce has also grown significantly, which has contributed to the growth of m-commerce. Therefore, it became evident that internet

penetration was essential to having a bigger influence on the Indian market as a result of technological advancements, the rise in smartphone and internet operator shares, and other factors.

### Challenges of E-Commerce in India

Many Indian providers of e-commerce services aspire to become industry titans in the e-commerce space. These service providers are overcoming some very serious obstacles in India that have arisen as a result of a number of factors, including bad infrastructure, a murky cost structure, limited internet access for a larger portion of the population, and a lack of knowledge about these businesses. Despite these obstacles, a number of titans such as Flipkart, Myantra, Jabong, and several other minor players have made their way to the top. These companies cause a lot of misfortune due to a variety of factors. Nevertheless, because there is a lot of potential in this industry, they are still in operation.

Since banks are hesitant to lend to businesses with unproven business models, fickle equity is essentially financing every last bit of it. Revenue models appear erratic. Most entrances offer extremely low prices, money down payment options and almost always free transportation in an effort to win over repeat business. Customers adore it, but businesses are looking for ways to reduce the operational load. Surprisingly, the same factors that have fueled e-commerce in India may also be its downfall. In India, e-commerce accounts for just 0.12% of total retail sales; in China and America, it accounts for over 4%. That being said, be prepared for growing agony. At the moment, Flipkart, which seems to be the greatest online retailer really struggles to turn a profit.

Because expenses are incurred differently in online transactions, suppliers, retailers, and courier services view the assessment structure as the second largest obstacle (i.e. seller becomes irrelevant and income generated by the standard intermediaries is lost to govt). There is a striking lack of language regarding charge collection from e-commerce companies in the Information Technology Act 2000. These businesses offer a wide range of products with various cost structures, so creating reports and conducting analyses is a fundamental issue. The fact that charge assessments differ for B2B and B2C sales is another problem. It becomes challenging to distinguish and determine which exchange falls into which category when association engages in both.

Consumers rank security and online exchanges as the second-biggest obstacles that Indian e-commerce businesses must overcome. Customer confidence in this system has been eroded by the constant stream of news about credit card information theft stunts and online extortion fake lottery sends. As a result, the vast majority of Indian consumers favour making purchases using cash down. People who follow the Money down model have a decreased trust in the legal system and a greater need for stringent consumer protection laws when it comes to online transactions.

A self-owned delivery network requires a significant financial commitment, and given India's current economic climate, where items are essentially sold for more than they are purchased, such investments are not expected to yield a return. On the other hand, handling one's own delivery

eliminates a number of issues, such as waiting days for reimbursement, paying COD overheads for record keeping, etc. However, self-delivery is the future since it enables businesses to offer amazing customer experiences, similar to those offered by Amazon. Many are unable to afford it because they have no investment and don't know what the future holds.

India's population is probably going to trade goods and services these days via electronic means; to put it another way, we can say that Indian society is becoming more modern by means of dependable and comfortable e-commerce.

E-commerce applications give manufacturers, stakeholders, marketers, the government, and service providers direct access to customers. We refer to that as electronic commerce. E-commerce is growing steadily in India; it's a safe, dependable intersection of consumer choice that's made easy with internet assistance. It's a fresh and user-friendly way for buyers to trade things online. However, the most liberated e-commerce entry offers customers protection and the ability to browse the internet, reconcile disparate models, assess prices, and examine acceptable customer feedback while window shopping. In India, the majority of government alliances also use electronic correspondence technologies to communicate with their constituents, meet their needs, and address issues as they arise one step at a time. Customers in India can choose from a variety of social e-commerce platforms these days. Finally, we can state that e-commerce is a powerful tool in our busy lives that allows us to quickly and peacefully satisfy all of our needs from the comfort of our homes or places of employment.

The concept and implementation of e-commerce are not new. It began its journey a few decades after the internet, or information avenue, was launched. The benefit of e-commerce is currently being utilised by both traders and customers. It is gradually becoming more well-known as public trust in it grows. It takes into account the psychological effects of people using various sites for interpersonal interaction more frequently. With their mobile phone, PC, or other devices, people can readily learn about the item description, quality, and price. Then, because of its convenience and information accessibility, they can make a purchase decision fast. Similar to other developed and developing nations, the Indian e-commerce market is gradually becoming well-known. It exhibits a promising development trend that is boosting the national economy. It greatly opens up opportunities for educated job seekers, which lowers the unemployment rate.

Indian online retailers are focusing on developing strong points in order to gain a competitive edge over their global rivals. The very real and imminent hardening that they are trying to impose is demonstrated by the likely mergers of India.

### **Challenges for E – Commerce**

Although e-business has many benefits, it has also presented risks due to its so-called "faceless" and "borderless" nature. Electronic commerce has led to a few instances of moral dilemmas.

### **1. Privacy**

Users of electronic commerce, both current and future, have made protection a top priority. Privacy is defined as "an alluring state regarding ownership of data by different people about him/her on the perception/seeing of him/her by different people." The issues raised in this regard are generally striking.

### **2. Security Issues**

Security is one of the other ethical concerns with e-commerce, aside from privacy concerns. The Internet provides unusually easy access to an incomprehensible array of goods and services. Concerns regarding data security and privacy have been raised by the rapidly expanding "click and mortar" industry and the largely unregulated internet.

### **3. Additional ethical concerns**

As a result of manufacturers' online competition with intermediaries, a new practice known as "Disintermediation" has emerged. It's a way to eliminate the middleman. Disintermediation includes the following.

### **Barriers of E-Commerce in India**

In India, a number of infrastructure impediments impede the growth of e-commerce. Following is a list of a few of them:

#### **1. Payment Collection**

When one is paid by net managing an account, even for a business with little profit, one must ultimately provide a critical offer of income (4% or more). The trader becomes obligated to report frauds, cash backs, and other similar incidents, which is why they should be included in the business model.

#### **2. Transport**

Delivering the item safely to the appropriate person at the right time is essential. While couriers charge a lot and have limited hours, regular post doesn't provide a good service. You might first need to purchase insurance for high-value delivered articles, which would increase the cost even more.

#### **3. Vendor Management**

Seller may have to descend and haggle in an ineffective framework for inventory management if it is a propelled framework. This will drastically retreat. Most of them will not provide any computerised information about their products. Absence of professional-looking images, a sophisticated information sheet, a feature to monitor daily expenses, and accessibility to update your website.

### **Conclusion**

E-commerce is becoming a necessary component of daily life. E-commerce is starting to show promise as a means of verifying the rapidly expanding Indian economy. With the internet's penetration expanding quickly, e-commerce presents an alluring avenue for retailers to grow. More funding for innovative and ground-breaking business models as well as supporting infrastructure should be allocated to India in order to accomplish this. E-commerce is likewise demonstrating a sharp rise in promoting international trade, erasing national borders. It plays a crucial role in the GDP contribution as well. E-commerce is driving up imports of goods as well, which will benefit

different segments of society in terms of employment, technological advancement, knowledge, and skill development. Due to its ease of use, affordability, and speed, digital marketing is likewise expanding more quickly.

E-commerce businesses face difficulties in the form of unfavourable knowledge and awareness of the connections between Google advancements, personal correspondence websites, television advertisements, and verbal communication. For demand draft, money down, cheque and online exchange. There are no measures used for money down and commitment structure. Authentic software for registration, distinct antivirus software, firewall defence, and SSL certification are all important for online security.

E-business has many advantages, but it also has drawbacks that call for careful consideration in order to protect consumer rights. All things considered, the success of IT security frameworks—for which necessary legal and technological arrangements must be made and constantly reinforced would also be necessary to the development of e-commerce. E-commerce is what shopping will ultimately become. With the advent of 3G and 4G networks, the internet economy will continue to expand rapidly. India will have about 70 million internet users in the next four to five years, which will put it on par with many developed countries worldwide.

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