

E-COMMERCE: OPPORTUNITIES AND CHALLENGES IN INDIA

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ABSTRACT

E- Commerce is a latest trend in modern business world. Electronic commerce is commonly known as E-Commerce is the buying and selling of products and services over electronic system such as internet and other computer networks. It refers to a wide range of online business activities. It is leading to a great change in traditional way of doing business. It is like a revolution in the modern business world. It allows customers a wide range of products. The convenient and quick delivery of products at the desired place also makes it very popular. In this paper an attempt is made to study the opportunities and challenges of E-Commerce in India. Further the paper also discusses different types of E-Commerce, E-Commerce sectors and its future in India.

KEYWORDS: *E-Commerce, Internet, Opportunities, Challenges, Electronic Commerce.*

Introduction

E-Commerce is a boom in the modern business. It refers to a wide range of online business activities for production and services. E-commerce is the buying and selling of products and services over electronic system such as internet and other computer networks. It also pertains to any form of business transaction in which the parties interact electronically rather than by physical exchange or direct physical contact. It is the use of electronic communications and digital information process technology in business transaction to create, transform and redefine relationship for value create between or among organization and between organization and individuals. E-commerce is leading a complete change in traditional way of doing business. It has become an integral part of our daily life. This significant change in way of business witnessing a tremendous growth all over in the world and India is not an exception.

Types of E-Commerce

The major different types of E-Commerce are:

- **B2B E-Commerce:** It refers to business to business e-commerce. It is simply defined as e-commerce between companies. This kind of e-commerce simply deals with relationship between and among businesses.
- **B2C E-Commerce:** B2C E-Commerce refers to business to consumer e-commerce. It is defined as e-commerce between companies and consumer.
- **B2G E-Commerce:** It refers to business to government e-commerce. It is a business model that refers to businesses selling products, services or information to governments or government agencies. It provides a way for businesses to bid on government projects or products that government might purchase or need for their organizations.
- **C2C E-Commerce:** Consumer to consumer or C2C is the business model that facilitates commerce between private individuals or consumers. The most prominent example of C2C is E Bay, an online auction site. Anyone can sign up and begin selling or buying.

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- **M Commerce:** M-Commerce stands for mobile commerce. It is the buying and selling of goods and services through wireless handheld devices such as cellular phones and personal digital assistants. M-Commerce is also known as next generation E-Commerce.

E-Commerce Trends: A new business revolution in India

E-Commerce is a boom in the modern business. It is a revolution in the business world. It has completely changed the traditional way of doing business. It is a paradigm shift which is influencing both marketers as well as the customers. Buying goods & services via E-Commerce allows consumers the freedom to choose when and where to shop, facility to compare the product, the seller and any other available option. The effects of E-Commerce are visible in all areas of business. The major reason behind the growing popularity of E-Commerce sites in India is its hassle free nature. Now the customers do not need to stand in long queues to perform important transactions such as bill payments, hotel reservations and booking tickets with the increased availability of such service providers it is now easy for customers to shop around and find the best possible product. The convenient and quick delivery of products at their desired place also makes E-Commerce one of the most favourite modes of shopping for the Indian Customers.

E-Commerce in Different Sectors

Different sectors which are using E-Commerce successfully are as follows:

- **Automobiles:** On these sites we can buy and sell four wheelers and two wheelers, new as well as used vehicles online. Some of the services they provide are research and reviews, online evaluation, technical specifications, vehicle insurance, finance etc.
- **Online Trading in Stock and Shares:** Online stock trading activity is gaining momentum in India. Now we can deal in shares and stocks through E-Commerce. Some of the services offered to registered members are online buying and selling of shares and stocks, share market analysis and research, company information, comparison of companies, research on equity and funds etc. Major online stock trading websites in India are Sherkhan.com, moneycontrol.com, Indiabulls.com, reliance money etc.
- **Real Estate:** There are a number of real estate portals and websites that provide information to users regarding the property they wish to buy or sell. This information includes properties available for sale or purchase cost, location etc. India property.com, magicbricks.com, makaan.com are some of popular real estate portals.
- **Travel and Tourism:** India has a rich culture, history and heritage. There are a number of sites which encouraging Indians as well as foreigners to see its culture and beauty. Online travel portals are very popular now days. Make my trip, yatra, cleartrip are some of the examples.
- **Employment:** Employment portals like naukri.com and monsterindia.com are providing suitable employment option to job seekers at a single click of mouse. The service for job seekers is free and for employers they charge a nominal fee.
- **Online Retail:** Flipkart, Amazon, Snapdeal, Jabong, Myntra, Homeshop18 are some popular online retail portals in India which provide a wide range of products to consumers for online shopping.

Opportunities for E-Commerce

E-Commerce is playing vital role in business options. Forecast of E-Commerce is showing extraordinary future prospectus in business growth of Indian Economy. Following are some opportunities for E-Commerce in India:

- India is second most populous country of the world(with over 1.2 billion people), which provides a great opportunity to E-Commerce.
- Large percentage of population subscribed to internet services. 3G, 4G Internet users are increasing rapidly, which is providing platform to E-Commerce.
- In India there is explosive growth of Smartphone users.
- Due to decline in poverty rate standard of living of people is rising.
- Through E-Commerce wide range of products is available to consumers. They can compare products and prices too. People can order sitting at their homes and get their desired goods at their desired place.

Challenges in the E-Commerce Sectors

There are some barriers responsible for slow growth of E-Commerce in India. Some of them are as follows:

- **Payment Problems:** In India People prefer cash on delivery payment mode. Most of the people prefer to pay cash on delivery due to low trust in online transaction, which is a significant barrier for E-Commerce.
- **Infrastructure Problems:** Internet is the backbone of E-Commerce. In India Internet penetration is still a small fraction as compared to several western countries. In several regions the quality of connectivity is also poor; this is also an important barrier for E-Commerce.
- **Security Issues:** Fear of making online payment is a universal psychological factor of Indian consumers. This kind of transactions take place with credit card, which itself is not safe. This causes a big challenge for E-Commerce in banking also.
- **Less Awareness:** Indian customers are more comfortable in buying products direct from market. They tend to choose the product by touching and feeling the product directly. Majority of Indian Rural people still not aware about the use of internet and E-Commerce.
- **Absence of Cyber Laws:** Other big challenge associated with E-Commerce is the absence of cyber laws to regulate transactions on the internet.
- **Shipping Challenge:** Issues related to lack of supply chain integration, high delivery charges for products, delay in delivery and lack of proper courier facilities in some areas also make customers frustrated.
- **Product Return and Refund:** Products which are not satisfactory for the customers tends to get replaced or returned. This is another significant issue which leads into overall lose in revenue, loss of shipping cost and loss of reputation.
- **After Sale Service:** After sale services are mostly ignored in E-Commerce.

Future of E-Commerce in India

Although there are some significant challenges of E-Commerce, still future of E-Commerce is looking bright. E-Commerce for services such as travel ticketing, matrimony, jobs and events has already became fairly popular and successful in our country. Now customers are feeling more comfortable to make their payments online. A large number of companies are selling a wide range of products starting from cow dung petties to laptops, mobile phones and other gadgets. India a country of more than 1.2 billion people is an emerging economy which offers billion of opportunities. The potential of growth in E-Commerce in India has caught the attention of several regional players like flip kart, snapdeal and also of global giants like Amazon, Alibaba etc. From being worth just about \$ 3.9 billion in 2009, online retail is worth \$ 38 billion in 2016 and it is expected to generate about \$ 100 billion in revenue by 2020 according to the digital 2016 report (2016) based on global web index Q4 2015 survey. With decreased time of delivery, payment security and improved payment mechanism E-Commerce will grow by leap and bond every year.

Conclusion

There are various factors responsible for the growth of E-Commerce in India. Although there are some serious challenges faced by E-Commerce, but future of E-Commerce is quite bright in India. E-Commerce as an alternative marketing channel is making progress in India. With the spread of education more and more people are becoming technology friendly. They are gaining confidence to pay online also. Infrastructural problems, vulnerabilities of payment gateway systems, cyber security are some challenges that need to be addressed by all stakeholders to promote E-Commerce in the country. If the correct methods and practices are followed E-Commerce will be more successful and profitable.

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