

Emerging E-Commerce Trends in India: Opportunities and Challenges

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Abstract

E-commerce refers to the buying and selling of services over the internet as well as the data and money transfers required to complete the sales. It is often referred to as online commerce or electronic commerce. India's e-commerce market is growing quickly.

E-commerce is unquestionably a business alternative that must be investigated in the future. E-commerce forecasts indicate a substantial increase in the number of businesses in our nation. Indian e-commerce has shown tremendous growth in recent years, supported by a growing internet user base on mobile phone devices. Due to widespread internet use and advanced electronic devices, India's e-commerce sector is expanding at a rapid rate. Since the majority of people are unaware of online fraud and corruption when conducting transactions, darkness rules.

This is by far the greatest difficulty that the Indian e-commerce sector is currently facing. Even financial transactions can be completed quickly and effectively with e-commerce from anywhere in the world. Future generations will feel more at ease making purchases exclusively online.

The study's goal is to highlight the idea of e-commerce. The secondary data employed in this study's research approach were listed in various online databases of books, academic papers, and related e-commerce articles. The goal of the current study is to describe the current state of e-commerce in India and to look at its prospects and difficulties.

Keywords: E-commerce, internet, challenges, opportunities.

1. INTRODUCTION

E-commerce refers to the purchasing and selling of services through the internet together with the data and financial transfer required to complete the sales. It is often referred to as online commerce or electronic commerce. The finest ways to conduct business online are currently the topics of most e-commerce queries, but one of the most pressing is how to spell e-commerce correctly. The truth is that there is no such thing as right or wrong; instead, it is usually a matter of preference. Everyone may gain from being able to sell their products and services online at scale, from tiny companies to the biggest multinationals.

Definition and Concept of E-commerce

The exchange of goods and services via electronic means between businesses and customers without the use of paper contracts E-commerce is frequently associated with the purchasing and selling of goods over the internet, but it can also refer to any transaction carried out entirely electronically.

Kalakota and Whintons (1997) defined that likewise, e-commerce deals with the exchange of money for soft or hard goods and services on the internet. They defined e-commerce in four different ways:

1. E-commerce is the delivery of information, product/services, or payments over see communication channels, computer networks, or any other electronic mode of communication.
2. E-commerce is the application of technology towards the automation of business transactions and work.
3. A tool that addresses the desire of firms, consumers, and management to cut service costs while improving the quality of goods/services and increasing the speed of service delivery.
4. Capability of buying and selling products and information on the internet and other online services.

Kaur, E. H. and Kaur, D. (2015) said that the uses of e-commerce directly link to the customer with manufacturer, stakeholders, marketers, government, and service providers. That is called Electronic commerce (e-commerce). E-commerce in India is growing year by year, it's the very soft and reliable junction for customer choice and convenient with the help of the internet.

Rahman, M. et.al. (2017) observed that the peoples of India are most likely to buy and sell products and services over the electronic system, or in other words, we can say that now in Indian society, people are modernized using reliable and comfortable that using of e-commerce. As a fairly recently adopted term, E-Commerce is interpreted differently by different experts and organizations. According to **D. P. Mittal**, 'Internet Commerce' or 'Electronic Commerce' is the "exchange of goods or services for value on the Internet". Similarly, according to **Satya Prasad**, the term 'Electronic Commerce' denotes "the use of Computer Networks to facilitate commercial transactions involving the production, sale, and distribution of goods and services and intangible property". In the words of **Diwan and Sharma**, the term 'E-Commerce' generally refers to "all forms of commercial transactions involving both organizations and individuals, that are based upon the electronic processing and transmission of data, including text, sound, and visual image".

REVIEW OF LITERATURE

An attempt has been made to put forward a brief review of literature based on a few of the related studies undertaken worldwide in the area of e-commerce as follows.

Kotler, P. (1999). Internet being a World Wide Web (www) based communication system through computer networks (has given the birth to modern E-Commerce.

Kalakota & Robinson, (2000). E-Commerce is often used interchangeably with IBM's coined term, "EBusiness". However, E-Commerce is a subset of E-Business.

Singh & Kaur, (2002). Ever since the inception of computers and Internet technology, 'Electronic Commerce' (popularly called-commerce) or 'Internet Commerce', has become a fashion of the day. **Trivedi, (2004)** suggested that when it comes to applying e-commerce in India, the major problem has been that of mindset because, for Indians, shopping is like a social outing that has to be celebrated. There are, however many other stumbling blocks in the way of promoting commerce in India, but still, e-commerce has huge potential in India.

Sumanjeet, B. (2005) concluded that Indian companies are fast jumping into the boom of electronic commerce and adopting e-commerce as a business technology in much the same manner as in other parts of the world. It has registered rapid growth within few years in India.

RESEARCH METHODOLOGY

This study did research on e-commerce utilising secondary data that was listed in various databases of books, research papers, and related online articles.

OBJECTIVES OF THE STUDY

- To know the concepts of e-commerce.
- To study the current status of e-commerce in India.
- To study the challenges of e-commerce.
- To study the various opportunities of e-commerce.

CURRENT STATUS OF E-COMMERCE IN INDIA

Due to its wide-ranging effects on our social interactions, the Internet has now permeated every area of our daily lives. Since there is no time and people are too busy with their jobs, going to the bank to make cash transactions or withdraw money or going to the market to buy things and necessities is now quite difficult. Under these circumstances, online purchases have become an increasingly important part of our society, surpassing \$ 200 billion in sales only in 2010. The fastest-growing and most exciting method of conducting business in India is e-commerce. The Indian e-commerce market is anticipated to increase from US\$48.5 billion in 2018 to US\$200 billion in 2026. The increased use of smart phones and the internet has led to this growth. India's entire internet user base is anticipated to rise from 560.01 million as of September 2018 to 829 million by 2021 as a result of the nation's continuous digital transformation. By 2020, India's online economy, which is largely supported by e-commerce, is predicted to double from US\$125 billion in April 2017 to US\$250 billion. India's e-commerce sales are anticipated to increase from US\$ 39 billion in 2017 to US\$ 120 billion in 2020, rising at the highest annual rate in the world—51%.

Challenges of E-Commerce:

Due to widespread internet use and advanced electronic devices, India's e-commerce sector is expanding at a rapid rate. However, India's current e-commerce growth rate is significantly behind that of other affluent nations. A large number of significant issues and difficulties stand in the way of an online retailer. The smooth growth of the nation's internet business has been constrained by factors including others, the biggest of which is the safety and security of online financial transactions. Even though the issues listed below have had a significant impact on several e-business sectors, there are a select online behemoths like Makemytrip.com, Flipkart.com, and Snapdeal.com that have overcome the issues and perfectly exemplify the growing tendencies of e-commerce in India.

- **Lack of Awareness:** The situation isn't particularly encouraging when it comes to the percentage of people who are aware of the internet and online purchasing. The vast majority of Indians are still unaware of the internet's existence and applications. Even among urbanites who have smart phones and are internet-savvy, understanding of online shopping and its capabilities is still lacking. Since the majority of people are unaware of online fraud and corruption when conducting transactions, darkness rules. This is by far the greatest difficulty the Indian e-commerce sector is now facing. There aren't enough plastic money holders in India, despite the fact that all major e-commerce platforms need a debit card, credit card, net banking, and mobile wallet to function. One of the main

obstacles to the expansion of India's e-commerce market is this. On the plus side, all significant banks were nationalized.

- **Cash on Delivery (COD):** All e-commerce platforms introduced this option of COD in order to address the issue of the security of online transactions, allowing online shoppers to forego paying online while placing an order and elect to pay at the time of delivery instead. Although this first appeared to be thrilling for both users and e-commerce platforms, over time it turned out to be beneficial for them. The fact that many customers balked at making payments when the goods were delivered led to significant losses in product transportation and, ultimately, lost sales and income. The e-commerce sector in India is facing a significant challenge that has both advantages and disadvantages.
- **Online security:** While major e-commerce operators can afford to have security software that provides their clients with greater protection while transacting online, many small e-commerce platforms and small business owners disregard the significance of genuine security software. Trading on such platforms carries a very high risk of malware and Trojan attacks that compromise the security of a user's financial information. All e-commerce platforms need to have SSL certification in order to address this issue facing the Indian e-commerce sector.
- **Online Transaction:** One of the main factors limiting the expansion of e-commerce is the lack of plastic money, credit cards, debit cards, and net banking systems among the majority of Indian consumers. However, some of the nationalized banks have begun to offer debit cards to all of their account customers in recent years. Undoubtedly, this is good news for Indian online business owners.
- **Touch & Feel Constraint:** Indian consumers are characterized by a desire to touch and feel a thing before purchasing it in order to be confident in its appearance and quality. However, the online booking and ticketing industry in India expanded because it was not affected by these limitations. However, e-commerce platforms that offer clothing, jewellery, cosmetics, and accessories are still having trouble with these issues.
- **Fear of online transactions:** Despite the increased knowledge of e-commerce and online buying, many people still struggle to get over their fear of doing business online. Due to their concern about being scammed, people are typically hesitant to share their credit card, debit card, and net banking information online. This still ranks among the top difficulties the Indian e-commerce sector faces.
- **Shipping and logistics:** India's shipping and courier services needed a lot of upgrading. One of the main factors in the success of any online business is a strong and flawless logistics service, but India is trailing behind in this area as the majority of towns and small villages are still outside of the serviceable areas of many courier and logistic businesses. Due of the limited services provided by courier service firms, ecommerce is severely hindered.
- **Tax Structure:** The tax rate structure of the Indian market is another reason why e-commerce in India is growing at a slower rate than in other industrialized nations like the USA and the UK. The tax rates in such nations are the same for all sectors, in contrast to India's sector-specific taxation. Accounting issues are brought on by this reason for Indian online businesses.
- **Virus Problem:** A computer virus poses a risk to online trade. There are thousands of virus

producers who constantly create new infections to steal information from people at all levels. E-commerce in India is still subject to harassment. The execution of e-commerce in India faces a difficult obstacle in the form of a computer virus. Because so many consumers and dealers are concerned about computer viruses, they have very little faith in online commerce. For India's e-commerce to operate smoothly, the government should take the initiative to execute the antivirus-related programme.

- **Language and location localization:** India is a sizable country geographically and in terms of population. Due to transportation costs, lead times, and other associated hazards, an e-commerce business operating in one province cannot adequately supply its goods to other regions. Therefore, localization is essential for fast product delivery, which can easily boost e-commerce business. But regrettably, India does not hold it to the same standard.

Along with many benefits, the faceless and global nature of internet-based trade has also presented a number of concerns.

Opportunities of E-commerce

E-commerce is currently the most popular industry in India and is on the rise to the top spot.

Due to the growth of the e-commerce industry and increasing business, customers may occasionally leave with the service, but e-commerce has also become a very employable industry. The customer may find a solution for all of their everyday needs under one roof thanks to the e-commerce platform. It might be a regional or international product.

- **Adapting trends:** Consumers are highly brand aware. They prefer to purchase branded items than locally produced ones. They won't mind ordering such items through online commerce if it is possible to do so across borders.

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Future generations will feel more at ease making purchases exclusively online.

There are more and more users: The daily usage of the internet is growing. Online buying is more comfortable for consumers.

- **Regular global expansion:** E-commerce can run uninterruptedly at any time and from any location. It always has room for growth. The target expansion is any new or current demographic that does not use online shopping.
- **High availability** (available seven days a week, 24 hours a day): With each and every mouse click, business is carried out. Those who are busy during the day and are unable to find time for themselves have the option to shop whenever is most convenient, including late at night.
- **E-business** has a broad scope and a more expansive strategy for growth. Always, there was business in the gaps. Gap filling is an ongoing activity, hence business expansion is also an ongoing one.
- **Advertising:** Compared to the traditional offline system, advertising is more affordable.

- **Quick product marketing:** Since e-commerce relies heavily on the internet and is linked to the virtual world, there is a significant possibility for e-commerce merchants to promote to a huge audience through a variety of social networking sites and websites. It serves as a forum for providing customers with comprehensive product information. E-commerce offers a comprehensive solution for making purchases and making payments online while avoiding a wide range of inconveniences and risks. It gives people the chance to quickly receive product information from both domestic and international sources.
- **Better customer service:** E-commerce is the ideal way to offer top-notch customer services in terms of affordable, high-quality products that are delivered on time. A businessman's ability to boost customer satisfaction will help them grow their company. Ecommerce businesses may provide the highest level of client pleasure. Customers and traders both profit from this business. It is an alternative to the traditional business model that gives people the chance to conduct business virtually and without face-to-face contact while reducing costs and risk.
- **Reducing distribution costs:** Because e-commerce relies on a virtual market, namely the internet, it does so by offering just-in-time (JIT) services. It is a fantastic chance for buyers and sellers to conduct business while sitting in their own locations. It is beneficial to reduce any risks. E-commerce is an alternative system to traditional business that helps to cut distribution costs and easily distribute the business all across the country, and occasionally outside of the country's borders. Traditional business often requires a mentionable amount for its distribution costs.

CONCLUSION AND SUGGESTIONS

Domestic and international, B2B and B2C, marketplace and inventory-based are some main categories for e-commerce in India. Digital payments, hyper-local logistics, analytics-driven consumer engagement, and digital advertising are examples of advancements made possible by technology that have allowed the e-commerce sector in India to expand significantly more quickly. E-commerce is altering how goods and services are bought and sold in India. The future of shopping is in e-commerce. E-commerce has narrowed the distance between manufacturers and consumers. There's weakness

India has a weak cyber security law, which is why there are difficulties for Indians in the e-commerce sector. If these crucial elements are implemented through the establishment of cyberspace and have their benefits as desired by the public, the future of e-commerce in India would be bright in the years to come. Government's involvement in e-commerce is to establish a legislative framework that protects fundamental rights like privacy, intellectual property, and consumer protection while allowing local and international trade to grow. Due to the development of e-commerce in both urban and rural areas at reasonable cost for consumption, more people are becoming involved with it, and the percentage of those doing so is growing daily. All throughout the world, information technology (IT) has promoted e-commerce. It is now simpler to enter a new market and to assess the performance of one's firm and goods. It lowers administrative costs and improves management of the company.

India is quickly overtaking other nations in terms of internet usage. As a result, e-commerce has had a significant negative influence on India.

E-commerce really benefits from clarity. E-commerce, however, primarily has positive effects across all sectors. Therefore, e-commerce has sparked an economic revolution.

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