# EMERGING TRENDS OF E-COMMERCE IN INDIA: CHALLENGES AND OPPORTUNITIES

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*Abstract:* *E-commerce is the buying and selling of services via the internet, and the transfer of money and data to complete the sales. It is also known as electronic commerce or internet commerce. The E-commerce sector in India is expanding rapidly.*

*E-commerce is definitely one of the business options that one will have to explore in the future. Prediction of e-commerce is showing tremendous business growth in our country. Backed by an increased online user base on mobile phone presentations, Indian e-commerce has become impressive growth in the last few years.*

*The e-commerce industry in India is growing at a remarkable pace due to the high penetration of the internet and sophisticated electronic devices. Most of them aren't aware of online fraud and corruption while making online transactions and thus the darkness prevails. This is by far the biggest challenge faced by the e-commerce industry in India. E-commerce is fast and effective even financial transactions can be made from any part of the world. People of tomorrow will feel more comfortable buying products through the internet only.*

*The purpose of the study is to emphasize the concept of e-commerce. The research method of this study used the secondary data listed in different databases of books, research papers, and related articles of e-commerce available on the Internet. The present study has been undertaken to describe the present status of e-commerce in India and examine the challenges & opportunities of e-commerce.*

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

## I.INTRODUCTION

E-commerce is the buying and selling of services via the internet, and the transfer of money and data to complete the sales. It's also known as electronic commerce or internet commerce. Today, questions about e-commerce usually center around, which channels are best to execute business online, but one of the most burning questions is the appropriate spelling of e-commerce. The truth is, there isn't anyone that's right or wrong, and it usually comes down to preference. Everyone from independent freelancers to small businesses to the largest corporations can benefit from the ability to sell their goods and services online at scale.

### 1.1 Definition and Concept of E-commerce

The buying & selling of products & services by businesses & customers through on electronic medium, without using any paper documents. E-commerce is widely considered the buying & selling of products over the internet, but any transaction that is completed solely through electronic measures can be considered e-commerce.

**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 oversee-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".

## II. 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 modem E-Commerce.

**Kalakota & Robinson, (2000).** E-Commerce is often used interchangeably with IBM's coined term, "E-Business". 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.

## III. RESEARCH METHODOLOGY

This research conducted research using second-hand data listed in different databases of books, research papers, and related articles on the Internet on e-commerce.

## IV. 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.

## V.CURRENT STATUS OF E-COMMERCE IN INDIA

Today, in all aspects of our daily lives, the Internet has become an undivided part of our lives, as it has a versatile impact on our social activities. Every day, going to the bank to make cash transactions or withdraw money or go to the market to buy things and essential commodities is now quite difficult since there is no time, the human being has become too busy in his work and, So, in these circumstances, online purchases have become an increasingly integral part of our society, exceeding $ 200 billion in sales only in 2010.

E-Commerce is India's fastest-growing and most exciting channel for commercial transactions. The Indian e-commerce market is expected to grow to US$200 billion by 2026 from US$ 48.5billion as of 2018. This growth has been triggered by increasing internet and smartphone penetration. The ongoing digital transformation in the country is expected to increase India's total internet user base to 829 million by 2021 from 560.01 million as of September 2018. India's internet economy is expected to double from US$125 billion as of April 2017 to US$ 250 billion by 2020, majorly backed by e-commerce. India's E-commerce revenue is expected to jump from US$ 39 billion in 2017 to US$ 120 billion in 2020, growing at an annual rate of 51 percent, the highest in the world.

## 5.1 Challenges of E-Commerce:

The e-commerce industry in India is growing at a remarkable pace due to the high penetration of the internet and sophisticated electronic devices. However, the recent growth rate of e-commerce in India is far lagging behind other developed countries. There are many big problems and challenges in the way of an online merchant. Factors like the safety and security of online money transactions being the biggest problem along with others have curbed the smooth expansion of the online industry in the country. Although a major portion of e-business sectors have been affected by the below-mentioned challenges still there are few online giants like Makemytrip.com, flipkart.com, Snapdeal.com who have overcome the challenges and represent the perfect growth trends of e-commerce in India.

➢ **Lack of Awareness:** When it comes to the ratio of people having awareness of the internet and online shopping, the scenario isn't quite flattering. The majority of the Indian population is still not aware of the internet's existence and its uses. Even when you talk about the internet-savvy urban population that is having smart phones, awareness of online shopping and its functionality is still a far cry. Most of them aren't aware of online fraud and corruption while making online transactions and thus the darkness prevails. This is by far the biggest challenge faced by the e-commerce industry in India.

➢ **Inadequate Plastic Money Holders:** While all major e-commerce platforms require a debit card, credit card, net banking, and mobile wallets to operate; there aren't enough plastic money holders in India. This is one of the biggest challenges in the growth of the e-commerce industry in India. While on the upside, all major nationalized banks.

➢ **Cash on Delivery:** In order to curb the problem of security of online transactions, all e-commerce portals started this option of Cash-on-Delivery (COD) wherein an online shopper can skip paying online while placing an order and choose to pay at the time of delivery instead. Although this initially seemed to be exciting for the e-commerce platforms as well as users slowly it became a boon for them. Many of the customers refused to pay money at the time of product delivery which resulted in heavy losses incurred in product transit and eventually losing out on sales and revenue. It is one big challenge faced by the e-commerce industry in India that has both its pros and cons.

➢ **Online Security:** While big e-commerce players can afford to have security software that offers enhanced security for their customers while transacting online, many small e-commerce setups and small business owners ignore the importance of authentic security software. Transacting at such platforms can be extremely risky and is prone to Trojan and malware attacks comprising a user's financial details' insecurity. To overcome this challenge faced by the e-commerce industry in India, SSL certification must be made mandatory for all e-commerce platforms.

➢ **Online Transaction:** Most Indian customers do not possess plastic money, credit card, debit card, and net banking system, which is one of the prime reasons to curtail the growth of e-commerce. Nevertheless, in recent years, some of the nationalized banks have started to issue debit cards to all their account holders. This is undoubtedly a positive sign for Indian online entrepreneurs.

➢ **Touch & Feel Constraint:** Indian buyer's demographics are such that they want to touch and feel the product before buying it to be assured of its looks and quality. However, the online booking and ticketing business in India grew as it didn't suffer from these constraints but e-commerce platforms selling apparel, jewelry, cosmetics, and accessories are still struggling with these challenges faced by the e-commerce industry.

➢ **Fear factor:** Despite the awareness happening in the world of e-commerce and online shopping, there are still many not able to overcome their fear of transacting online. They are usually reluctant to disclose their credit card, debit card, and net banking details online due to the fear of being duped. This largely remains as one of the biggest challenges faced by the e-commerce industry in India.

➢ **Logistics and Shipment Services:** In India, logistics and courier services required lots of improvement. While perfect and strong logistics service is one of the key reasons behind the success of any online company, India is lagging far behind in this sector as most of the towns and small villages are still not covered under the serviceable area of many of the couriers and logistic companies. Ecommerce is hampered in a big way owing to the limited services offered by the courier service companies.

➢ **Tax Structure:** The tax rate system of the Indian market is another factor for a lesser growth rate of e-commerce in India in comparison to other developed countries like the USA and the UK. In those countries, the tax rate is uniform for all sectors whereas the tax structure of India varies from sector to sector. This factor creates accounting problems for Indian online business companies.

➢ **Virus Problem:** A computer virus is a threat to e-commerce. There are thousands of viruses manufacturers who continuously develop various viruses to steal the information of various levels of people. Indian e-commerce is not out of the influence of harassment. A computer virus is a tough

problem for the execution of e-commerce in India. Many buyers and traders are worried about a computer virus, as a result, their trust level in e-commerce is very low. The government should take initiative to implement the antivirus-related program for the smooth running of e-commerce in India.

➢ **Localization in terms of place and language:** India is a big country in terms of population and area. So, e-commerce business in one province is not enough to deliver their product to other areas because of carrying cost, time, and other related risks. So, localization is necessary to deliver the product timely which can stimulate the e-commerce business easily. But unfortunately, it is not up to the mark in India. Internet based-commerce has besides, great advantages, posed many threats because of its being what is popularly called faceless and borderless.

## 5.2 Opportunities of E-commerce

At present e-commerce is the most preferred sector in India and it's moving towards the No. 1 destination. Due to the rising of the e-commerce sector, and due to rising business, sometimes customers going to disappear with the service, and as well as e-commerce sector become the highly employable sector. Through the e-commerce platform, the customer can get our daily needs solution under one roof. It is maybe a domestic or global product.

➢ **Changing trends:** People are very brand conscious. They are interested in buying branded stuff rather than local. If such stuff is available to cross border they will not mind it ordering through e-commerce. E-commerce is fast and effective even financial transactions can be made from any part of the world. People of tomorrow will feel more comfortable buying products through the internet only.

➢ **An increasing number of users:** Daily number of internet users is increasing. People feel more comfortable shopping online.

➢ **Regular Global expansion:** E-commerce can be operated anywhere at any time without any interruption. It always has a scope of expansion. All new population and existing population who are not the user of e-commerce are the target expansion.

➢ **High availability (24 hours and seven days a week):** Along with each and every click of the mouse business is in operation. Those who are busy in the day time and can not spare time for themself; have all the opportunity to shop as per their convenient time even during late-night hours.

➢ **Wide business growth:** E-business has a wide scope and broader vision to grow. Business always took place in gap. Gap filling is a never-ending process hence the growth of the business is also a never-ending process.

➢ **Advertising:** Advertising is cost-effective as compared to the conventional offline system.

➢ **Quick marketing of products:** Since e-commerce is mainly based on the internet and connected with the virtual arena, so it is a big opportunity for e-commerce traders to do marketing to a large number of people through various social networking sites and websites. It is a platform to explain all details about the product to its consumers. E-commerce is providing a complete solution for purchasing the products online and pay online by avoiding so many types of hassle and risk. It provides an opportunity to reach the product information to people of the domestic country as well as abroad within a short time.

➢ **Better customer service:** E-commerce is a best approach to provide maximum level customer services in terms of low cost, quality products, and just in time. Customer satisfaction is an asset for businessman to increase their business growth. Best level customer satisfaction can be given by e-commerce business. In this business, both traders and customers get benefit from it. It is an alternative system of traditional business which provides an opportunity to deal their business from distant places and without physical interaction by saving money, cost and minimizing risk.

➢ **Reducing distribution costs:** Since e-commerce is based on virtual market i.e. internet, so it reduces distribution cost and time by providing just in-time (JIT) services. It is a great opportunity for buyer and sellers to deal their business by sitting their own places. It helps to avoid all kinds of risk. Generally traditional business requires a mentionable amount for its distribution cost but e-commerce is an alternative system of traditional business which helps to reduce distribution cost and easily spread the business all over the country and sometimes out of the boundary of the country.

## VI. CONCLUSION AND SUGGESTIONS

E-Commerce in India can be broadly categorized as: domestic and cross-border, B2B and B2C, marketplace and inventory based.Technology enabled innovations such as digital payments, hyper-local logistics, analytics driven customer engagement and digital advertisements have enabled the e-commerce industry in India to grow at a much faster rate.

E-commerce is changing the way of buying & selling of product & services in India. E-commerce is future of shopping. Due to E-commerce the gap has been reduced between manufacturer & consumer. There is weak Cyber security Law in India that is why Indian People are facing challenges toward e-commerce. The future of e-commerce in India would be bright in the upcoming years if all essential factors would be implemented, by establishing cyber & have their benefits as per people wish. The role of government is to provide a legal framework for e-commerce so that while domestic & international trade are allowed to expand their horizons, basic right such as privacy, intellectual property, and prevention of fraud, consumer protection etc. are all taken care of. The expansion of e-commerce has been developed in rural as well as urban area in reign able cost for consumption, because of that more people are getting linked with e-commerce & the ratio of that is getting increase day by day.

Information Technology (IT) has boosted e-commerce worldwide. Now it's easier toenter to a new market and one can evaluate his/her product and company'sperformance. It reduces business overhead and enhances business management.

India is becoming the country with the highest number of people using the internet. So India is hugely affected and has a huge impact and adverse effects of e-commerce.

E-commerce really has the good effect of clarity. However, mostly e-commerce has positive impacts in all the branches. So, e-commerce has bought a wave of revolution in the economy.

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