

## E – Commerce in India – Issues and Challenges

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### Abstract

India is a huge and fast growing region with a rising middle class, rushing internet access and an unbelievable penetration of mobile phones. E – Commerce is buying and selling of products and services by businesses and consumers over the internet. In e – commerce the consumers buy a product in lower rate from wholesalers. This trend is set to strengthen as web site address consumer security and privacy concerns. Due to the popularity of e – commerce there is a tremendous increase exchange of goods and services.

**KEYWORDS:** E – commerce, recent trends, issues and challenges.

### I. INTRODUCTION

E – Commerce means all the transactions done through in online. It makes consumers to get the goods in lower price, broader choice and it saves time. Electronic commerce draws on technological such as online marketing, online advertising, online sales, online payments, mobile commerce, electronic funds transfer, supply chain management and internet marketing. E – Commerce is divided in two branches one is e – merchandise and another one is e – finance. The business transactions either as business 2 business, business 2 consumers, consumers 2 consumers or consumers to business.

#### A.DEFINITION

E – Commerce defined as its buying and selling of goods and services by business and consumer through an electronic mode, without using any paper documents. “E – Commerce is an exhaustive trading system that makes use of computer network for carrying out buying and selling of goods information and or services”.

#### B.OBJECTIVES

- (i) To study the theoretical framework of e – commerce.
- (ii) To explain the different trends in e – commerce.
- (iii) To study the different challenges faced by e – commerce in India.

#### C.LIMITATIONS OF THE STUDY

- (i) This study not covered primary or original sources of data but only collecting the secondary data.
- (ii) Due to time constrain the study focuses on e – commerce market in India.

### II. RESEARCH METHODOLOGY

The researcher collects information and data for the purpose of making business decisions. The methodologies include publication research, surveys and other research techniques and could include both present and historical information.

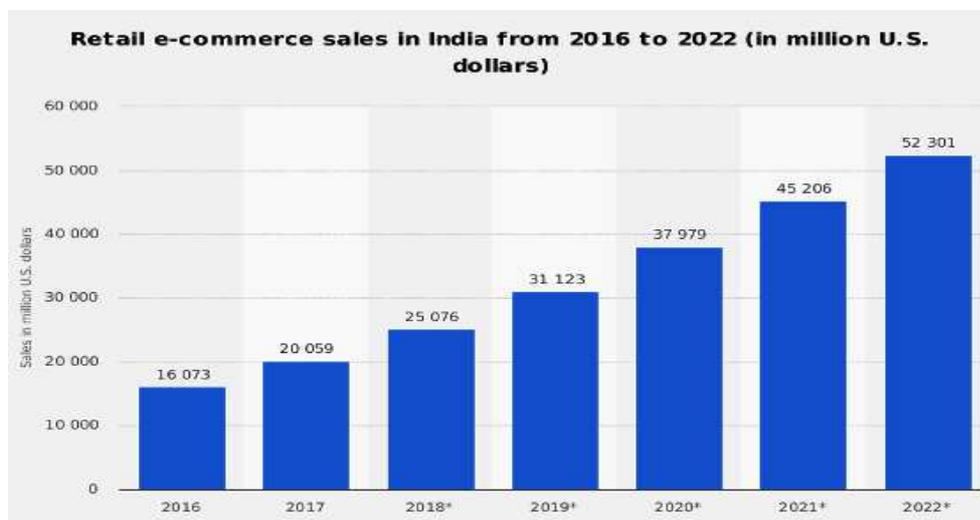
The researcher only using secondary data collected from various sources like articles, journals, magazines and website etc.

### III. E – COMMERCE IN INDIA

India had an internet user base of about 580 million as of June 2018 and is estimated to cross 635.8 million in 2021. India is the second largest online market, ranked only behind china (800 million, 29.68 million people), and the penetration of e – commerce is low compared to markets the United states (274.86millions), Japan (104.15 millions) and France (86.4 millions) but is growing at an unprecedented rate, adding around 6 million new entrants every month.

In India, most of us preferred the cash on delivery method 50% of the transaction is cash on deliver while the remaining opt for credit card or bank payments.

#### Retail e – commerce Sales in India from 2016 - 2021 (in billion U.S. dollars)



### IV. RECENT TRENDS IN E – COMMERCE

E – Commerce in India is an unlimited market place here all the age group peoples comfortably transacting through online repeatedly preferring online shopping instead of visiting offline stores for a higher extent of choices and offers. India is a second largest number of smart phones users and growing the e – commerce in India.

#### 1. Voice search and purchases:

Smart phones allow users to search and act online with a word. It is reported that approximately 40% of millennial have used a voice assistant prior to making a purchase.

#### 2. Video content:

Video is fastest growing ad format in e – commerce. So experts believe video will be the next big thing in India. The video is the closest conversation with audience.

#### 3. Big data to cloud computing:

E – Commerce is transformations of ideas to gathered data for better planning of all kind of business and personal activities witnessed better visualization and projection of data.

4. Men in India shop 3X more than women:

However women continue to dominate the in – store markets, men with disposable incomes have taken it upon themselves to play the larger role in online shopping.

5. Cash on Delivery remains the most preferred online payment method:

Most of the Indians are always preferred cash on delivery system when the product is at our doorstep until we don't pay the amount. It gives us more control over online transactions.

6. 60% of online purchases happen during business hours ( 9 AM – 5PM)

Most of the consumer buys the products during the working hours. This established trend is a myth – buster that shows how vital a part online shopping has become in our day – to – day lives. The marketers use upgrades across advertising.

**V. ISSUES AND CHALLENGES OF E – COMMERCE**

In India backed by enlarged online user base and mobile phone penetration. E – Commerce in India has extraordinary growth in the last few years. Internet penetration is one of the factors affecting the growth of e – commerce. The following table reveals information about the internet penetration percentage in different countries of the world.

**Table showing internet penetration in different countries in 2018**

Country	Internet users in (2018)	Penetration (% of Population)
China	772,000,000	54.56%
India	462,124,989	34.13%
United States	312,322,257	95.58%
Brazil	149,057,635	70.69%
Indonesia	143,260,000	53.70%
Japan	118,626,672	93.27%
Russia	109,552,842	76.10%
Nigeria	98,391,456	50.23%
Mexico	85,000,000	65.01%
Bangladesh	80,483,000	48.38%
Germany	79,127,551	96.15%
Philippines	67,000,000	62.90%
Vietnam	64,000,000	66.33%
United kingdom	63,061,419	94.72%
France	60,421,689	92.62%
Thailand	57,000,000	82.40%
Iran	56,700,000	69.14%
Turkey	56,000,000	68.36%

Italy	54,798,299	92.42%
Egypt	48,211,493	48.51%

From the above table shows that e – commerce industry is quick increasing changes can be seen in previous year. A significantly low (34.13%) but fast growing internet population is an indicator of the sectors huge growth potential in India. India is a developing country but it offers considerable opportunity. The table reveals that, e – commerce in India is still in growing stage.

### CHALLENGES OF E – COMMERCE:

There are some obstacles responsible for slow growth of e – commerce in India.

1. **Infrastructural problems:** Internet is backbone of e – commerce. Unfortunately, internet penetration in India is so far miserably low at 0.5 per cent of the population against 50 per cent in Singapore. Similarly, penetration of personal computer (PC) in India is as low as 3.5 per thousand of population compared to 6 per thousand in China and 500 per thousand in US. Internet is still accessible through PCs with the help of telephone lines. Given the penetration of telephone only 2.1 per cent of population, e-commerce remains far away from the common man. It is difficult for e-commerce to reach to 1,000 million population spread over 37 million households in 6, 04,374 odd villages and 5,000 towns and cities. Besides, both cost of PCs and internet access in India are quite high.
2. **Absence of Cyber Laws:** Other big challenge associated with e-commerce market is the near absence of cyber laws to regulate transactions on the Net. WTO is expected to enact cyber laws soon. The India's Information Technology (IT) Bill passed by the Indian Parliament on May 17, 2000 intends to tackle legislatively the growing areas in e-commerce. The Bill also intends to facilitate e-commerce by removing legal uncertainties created by the new technology. As it stand today, the Bill deals with only commercial and criminal areas of law. However, it does not take care of issues such as individual property rights, content regulation to privacy and data protection specific legislation.
3. **Privacy and Security Concern:** As of today, quite in danger issues related to e-commerce are privacy and security. So far, there is no protection offered either by Website or outside watchdogs against hazard created by exploiting one's privacy.
4. **Payment and Tax Related Issues:** Issues related to payment and tax is yet another problem continuously hinting e-traders. The e-payment is made through credit card or plastic money not become popular so far in India for two reasons. First, the penetration of credit card in India is very low. Second, the Indian customers are quite doubtful of paying by credit card with the increasing threat of fraud played by hackers. Like somewhere else, credit card could not gain growth in India.
5. **English Specific:** The software so far in the country is English specific. But, in order to make e-commerce reach to the small enterprises, it needs to be available in the languages of the owners of the small enterprises to enable them to adapt e-commerce processes in their operations. Sooner it is done, better will be it for small enterprises to adapt e-commerce.

6. **Virus Problem:** That computer virus is also a formidable problem in the execution of e-transactions is confirmed by the computer virus originated in Manila. The offenders causing 'virus' must be awarded deterrent punishment, otherwise similar assaults in future can cause lasting blows to the quite young e-commerce in India as well.
7. **Customer Service:** Last but not the least, E – Marketers focuses on the website performance ignoring customer connection and in individual assistance.

#### **VI. FINDINGS:**

1. The study shows that e - commerce has enormous growth potential in India.
2. Internet is the backbone of e – commerce.
3. The expansion of mobile internet is hopeful.
4. There are some obstacles responsible for slow enlargement of e – commerce in India.

#### **VII. CONCLUSION:**

E – Commerce in future is very complicated to predict. There are a few serious challenges to be faced by the e – commerce industry. In this world of new technology, businesses need to accommodate to the new types of consumer needs and trends because it will prove to be vital to their business success and survival. E – Commerce is endlessly progressing and is becoming more and more important to businesses as technology continues to advance and is something that should be taken advantage of and implemented. E – Commerce has its disadvantages including consumer uncertainties, but nothing that cannot be resolved or avoided by good decision-making and business practices.

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