



E-COMMERCE IN INDIA: CHALLENGES & OPPORTUNITIES

ABSTRACT

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Over last few decades the popularity of e-commerce has tremendously increased due to its quick and convenient way of exchanging goods and regional and global services. India will be booming ground for e-commerce business models; the country already reported 12% growth in e-commerce retail business year in 2010-2011. The present study is conceptual survey and attempts to explain the concept of e-commerce, merits and limitations of e-commerce, various challenges before e-commerce and also to reflect the future prospects of e-commerce. It concludes that e-commerce offers several benefits to the various stakeholders. However, at present juncture it has several limitations, legal and technical barriers in the development of e-commerce in India which could fade away in years to come. Hence we should equip ourselves to give warm welcome to e-commerce which is an obvious outcome of globalization and technological revolution around the globe.



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OBJECTIVES OF THE STUDY

1. To study the relevance of E-commerce in India.
2. To study the challenges before E-commerce.
3. To study the future prospects of E-commerce in India.

METHODOLOGY OF THE STUDY

This is a conceptual paper and the researchers has adopted the method of reviewing different research articles, research journals and case studies to collect data about problems and prospects of e-commerce in India which is consequently incorporated as a concept paper drafted by the researcher. The study is based on secondary sources of data.

INTRODUCTION

In its simplest form e-commerce is the buying and selling of products and services by businesses and consumers over the Internet. Internet sales are increasing rapidly



as consumers take advantage of lower prices offer by wholesalers retailing their products. This trend is set to strengthen as websites address consumer security and privacy concerns. Since last decade the popularity of e-commerce is tremendously increased due to quick and convenient way of exchanging goods and services both regionally and globally. Now-a-days it has become the virtual main street of the world. Today, e-commerce has grown into a huge industry. The total value of e-commerce activities within India has exceeded Rs 5.7 billion during 2004-05, according to a research conducted by Internet & Online Association of India (IOAI). India will be a booming ground for e-commerce business models; the country already reported 12% growth in e-commerce retail business year in 2010-2011.

In simple words, E-commerce just means taking things that your company is already doing in person, through the mail, or over the telephone, and doing those things in a new place on the Internet. It also refers to all forms of business activities conducted across the Internet. This can be e-tailing, B2B, intranets and extranets, online advertising and simply online presences of any form that are used for some type of communication (e.g. customer service). Currently, more than 30.2% of the world has an access to the internet, and hence e-commerce. Reduced internet surfing charges, internet technology development covering expanded bandwidth, and increased speeds and reliability has made e-commerce available to a large pool of emerging market consumers. India's leading e-commerce consulting company chitrangana.com is assuming double digit growth in Asian countries including India in 2012-13.

SIGNIFICANCE OF E-COMMERCE

The electronic market place participants are not limited only to digital product companies e.g. publishing, software and information industries. The digital age and the digital revolution affect all by virtue of their process innovations:

- ❖ Web-TV and digital television is going to affect TV news and entertainment programmes.
- ❖ Changes in telecommunication will affect the way the information is received, product announcements, orders etc.
- ❖ Phones, Fax machines, Copiers, PCs and Printers have become essential ingredients in doing business, so are E-mail, websites and integrated digital communication.
- ❖ Today's office business machines are not integrated (e.g. Faxed orders have to be typed in on computers), the much talked about convergence will drive all these equipment into one digital platform, whether it be a computer connected to the internet and intranet, a new kind of device capable of interacting with other devices, because that device will prove to be more efficient and productive

PRECAUTIONS WHILE USING E-COMMERCE

- ❖ **Do not give your personal information:** Legitimate online retailers will never ask for your social security number at any time. Don't give it to retailers. If someone requests it, contact the company.

- ❖ **Arm your computer:** You can protect yourself as you shop online simply by installing some basic security programs on your computer, including anti-spyware, anti-virus and pop-up blocker programs. These software will keep your financial information and passwords safe and out of the site of cyber thieves and hackers.
- ❖ **Use credit card:** Credit cards are easy to use online. Just enter the credit card name, number and expiry date. There is another important reason to use a credit card; if fraud occurs or if you do not get the product that you purchased, you can dispute the charges. However, if you use a money order or debit card, the money is usually gone without dispute.
- ❖ **Read the fine print:** Whenever you shop online, read the fine print carefully; so there are no surprises. Make sure you are aware of shipping charges, delivery time, and cancellation and return policies, as well as the seller's privacy policy.
- ❖ **Do not respond to unsolicited e-mail:** Never buy things or confirm your billing information through an unsolicited email, especially, if you do not recognize the source. Legitimate online retailers will never ask for your credit card number through an E-Mail. If you receive an E-Mail of this type, contact the company immediately.
- ❖ **Ensure the connection is secure:** When you click to purchase an item online, your browser connection should become secure. Look for two signs – the site address should read https or shttp instead of http, indicating a secure connection, and small lock should appear in the browser toolbar.

- ❖ **Research unknown retailer:** If you are not familiar with the retailer, do some research before entrusting them with your credit card. Make sure they have a phone number and a mailing address. You may want to call them before making a purchase. You can also research the company on TRUSTe, Verisign and BBB Online (Better Business Bureau)

CHALLENGES BEFORE E-COMMERCE

- ❖ **Initial investments and technological issues** - To start a web shop requires personal computer, modem and a subscription to a Value Added Network (VAN). It also requires updating of current technology and networks. These are costly affairs.
- ❖ **Costly consumer search** - Search for complete database on a web incurs some amount of cost to consumer. Time required for search is more and it is costly too. Many sellers do not provide all necessary or required information.
- ❖ **More computer illiteracy** - In India only 60 million (or 5.2%) of total 1.20 billion person population currently have access to the internet. Corresponding proportion in China is 29%.
- ❖ **Legal hassles** - While marketing on web, some legal hassles arises such as validity of an electronic signature, non-reputability of some shops on the web, legal aspect of electronic contract, copyright violations etc.

- ❖ **Mindset of consumers** - Majority of customers do not know how to use internet so they prefer traditional approach of buying and selling.
- ❖ **Privacy and security problems** - 60% of the users do not trust the web as a payment channel. Web transaction takes place with credit card, but credit card itself is not safe. Anyone who transfers the data of the credit card on the web is not sure about the salesman identity. Buyer is also not sure that his credit card is not used for some malicious purposes.

FUTURE PROSPECTS OF E-COMMERCE

The report of the United Nations Conference on Trade and Development (UNCTAD) on E-Commerce and Development makes the point that although world economic growth has slowed, and inspite of the difficulties in which the information technology and telecommunications sectors are mired, the rapid growth of internet use and electronic commerce continues. Estimates show that internet use is increasing by around 30 per cent annually, and although the rate of growth of transactions through the internet is much slower, e-commerce could represent up to 18 per cent of worldwide business-to-business (B2B) and retail transactions in 2006. Segments such as B2B have shown rapid growth and in certain sectors, such as finance,



travel services, software, information and other e-services, online transactions have been growing at a much faster pace. For instance, in the developed countries, online banking already represents between 5 and 10 per cent of total retail banking transactions. Much of the growth has occurred in Asia.

The Report classifies India as a ‘rising star’ in this regard, pointing out that India’s IT services

exports have almost doubled in two years and now account for more than 16 per cent of total

exports and 8 per cent of all foreign exchange earnings. Given the extraordinary growth rates of eservices exports, the latter figure is expected to reach 30 per cent by 2008. Policy measures to

support exporters of e-services should focus on increasing market access in e-services for exporters from the developing countries, as well as addressing domestic obstacles related to technology, payments, infrastructure (telecommunications) and standards.

CONCLUSION



E-commerce is an emerging trend in Indian economy in the post economic reforms era. The revolution in the IT sector in the recent past has been instrumental in development of e-commerce. E-commerce offers many benefits to the various stakeholders. These benefits are cost effectiveness, quick comparison shopping, better customer service, higher business margins resulting form economy in business operations, information saving and knowledge market development etc. At present there are several stumbling blocks in the development of e-commerce such as computer initial investment, technological issues, computer ill-literacy, legal hassles, and adverse mindset of consumers, privacy and security issues. However, these barriers to e-commerce shall be taken care of in due course and hence e-commerce has bright prospects in India. We need to update ourselves to greet e-commerce and reap its benefits.

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