"E: Commerce in India: Challenges and Issues"

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ABSTRACT

Electronic commerce, or e- commerce, is the buying and selling of goods and services on the Internet. Other than buying and selling, many people use Internet as a source of information to compare prices or look at the latest products on offer before making a purchase online or at a traditional store. E- Business is sometimes used as another term for the same process. More often, though, it is used to define a broader process of how the Internet is changing the way companies do business, of the way they relate to their customers and suppliers, and of the way they think about such functions as marketing and logistics. For the purpose of this study e-commerce is taken to mean doing business electronically. (Lindsay P., 2002)

E-commerce is buying and selling goods and services over the Internet. E-business is a structure that includes not only those transactions that center on buying and selling goods and services to generate revenue, but also those transactions that support revenue generation. These activities include generating demand for goods and services, offering sales support and customer service, or facilitating communications between business partners. The present paper is highly focused on scenario of E-Commerce and challenges faced by e-commerce in India.

Key words: *E-Commerce, Definitions, Growth of e-commerce and challenges of e-commerce.*

INTRODUCTION

In the past few years, enterprises across the globe have experienced significant changes in their business information system. Huge investments were made in enterprise resource planning system implementations but still they struggle to get timely information that is needed to make effective business decision and to ensure continuous growth of enterprises. Placing "e" in front of any process or function seemed to be the magic prescription for never ending story of success and rapid returns for enterprises. E-business, e-procurement, e-sales, e-payment, e-banking, e-CRM, e-CAD, e-delivery are just a few. Internet, for example is becoming one of the most popular medium in transmitting various data. Users can find any kind of information within a shorter time compared with conventional method that consumes more time.

E-commerce means electronic commerce. It is necessary for modern business and also to other organization. E-commerce refers to the paperless exchange of business information using the following ways.

- Electronic data and information exchange
- Electronic Mail system
- Electronic bulletin

- Electronic money transfer
- Other electronic ways

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Airline and travel tickets, banking services, books, clothing, computer hardware, software, and other electronics, flowers and gifts are some popular products and services that can be purchased online. Several successful e-businesses have established their business models around selling these products and services. E-commerce has the potential to generate revenue and reduce costs for businesses and entities. Marketing, retailers, banks, insurance, government, training, online publishing, travel industries are some of the main recipients of e-commerce. For instance, banks use the Web for diverse business practices and customer service.

The emergence of internet in India has been changed the lifestyle of Indian people. Internet is the essential tool now days. E-commerce is related with internet facilities and it fully involve in the exchange of goods or services between two or more people who are using the tools or techniques.

The term "Commerce" is defined as a transaction between two or more people. The term e-commerce is takes very negatively by many people so sometimes we used e-business. There is lot of confusion among the academicians and consultants.

Electronic commerce (E-commerce) is totally electronic commerce. It is operating by computers, mobile phones etc. The internet is worldwide network, co-operating with each other to exchange the important data and information.

Internet allow the data exchange facilities with the application of many important tools like smart phones, computers, email, social networking websites, post information for other to access and update frequently, access multimedia information that include music, videos, photos and variety of others.

Different people use different terminology such as 'electronic trading' 'electronic procurement' 'electronic purchasing' or 'electronic marketing'. According to Wikipedia there were 354 million internet users in India in 2015 and that number is set to grow to 500 million by the end of 2015. Having access to the internet automatically exposes the average Indian to e-commerce and online retail and that in itself translates in to growth for the e-commerce sector. According to Wikipedia growth in the penetration of e-commerce is unlike anything seen before in any other country with 6 million Indians opting to use e-commerce to meet their consumer needs for the first time joining the fray every month.

DEFINITIONS

There are many different definitions and meaning of E-commerce.

Zwass defines e-commerce as"... the sharing of business information, maintaining business relationships, and the conducting business transactions by means of telecommunications networks"

Treeseand Stewart gave their view of Internet-commerce as follows:"... the use of the global Internet for purchase and sale of goods and services, including service and support after the sale. The Internet may be an efficient mechanism for advertising and distributing product information, but our focus is on enabling complete business transactions."

Daniel Minoli and Emma Minoligave their view of Internet-based commerce as follows: "... This revolution is known as electronic commerce, which is any purchasing or selling through an electronic communications medium.....

Internet-based commerce, in general, and Web-based commerce, in particular, is important sub-disciplines of electronic commerce."

E-Commerce Definition in Different Aspects

Communication: delivery of goods, services, information, or payments over networks or any other electronic means

Commercial (trading): provides capability of buying and selling products, services, and information via online services

Business process: doing business electronically by completing business processes over electronic networks (substituting physical business processes)

Service: a tool that addresses the desire of governments, firms, consumers, and management to cut service costs while improving the quality of customer service and increasing the speed of service delivery

Communication Perspective: According to this perspective, E-commerce is the delivery of information, product/services or payments over telecommunication channels, computer networks or any other electronic mode of communication.

Business Process Perspective: This says that E-commerce is the application of technology towards the automation of business transactions and work flow.

Electronic commerce, or e- commerce, is the buying and selling of goods and services on the Internet. Other than buying and selling, many people use Internet as a source of information to compare prices or look at the latest products on offer before making a purchase online or at a traditional store. E- Business is sometimes used as another term for the same process. More often, though, it is used to define a broader process of how the Internet is changing the way companies do business, of the way they relate to their customers and suppliers, and of the way they think about such functions as marketing and logistics. For the purpose of this study e-commerce is taken to mean doing business electronically. (Lindsay P., 2002)

Service Perspective: E-commerce is defines as a tool that addresses the desire of firms, consumers and management to cut service cost while improving the quality of goods/services and increasing the speed of service delivery.

E-commerce is now being used in all types of business, including manufacturing companies, retail stores, and service firms. E-commerce has made business processes more reliable and efficient. Consequently, e-commerce is now essential for businesses to be able to compete in the global marketplace.

E-commerce is the new, profitable way to conduct business which goes beyond the simple movement of information and expands electronic transactions from point-of-sale requirements, determination and product on scheduling, right through to invoicing, payment and receipt.

E-commerce uses key standards and technologies including Electronic Data Interchange (EDI), Technical Data Interchange (TDI), Hypertext Mark-up Language (HTML), Extensible Mark-up Language (XML), and the Standard for Exchange of Product model data (STEP). E-commerce is made possible through the expanded technologies of the Internet, the World Wide Web, and Value-Added Networks.

Research Methodology

E-commerce is a part of everyone life. The current research paper is based on facts and theory. There is no any single statistical test has been apply for findings and suggestions. The information is totally based on theory. The paper is focus on E-commerce and the challenges and issues face by e-commerce in India. I have discussed on common challenges of e-commerce.

Problem Statement:

E-commerce faces number of problems because of poor awareness about the e-commerce benefit. Another problem is that, village people or people who are living in the tribal areas are not fully habituated as well as aware with the latest technology.

Research Design

This research study is based on theory so I have applied qualitative research to reach a final conclusion.

Research Questions

1. What is the situation of e-commerce in India?
2. What kind of challenges and issues faces by e-commerce?

Objectives of the Study:
- To understand the trend of e-commerce sector.
- To justify the challenges and issues in e-commerce.

Secondary data

- As a part of the research, secondary data have been collected from various Journals, and online source etc.

Limitation of the Study

1. Lack of time
2. Lack of current statistical information on e-comerce

Growth in Terms of Returns for the E-Commerce Industry in India

- In 2009 the market value of e-commerce in India was worth about 3.9 billion and that figure grew to 12.6 billion in 2013.
- The retail segment alone was worth 2.3 billion in 2013.
- According to figures from Google India, there were 35 million people in India shopping online and that figure is bound to rise to 100 million by the end of 2016.
- Electronics and Apparel are definitely the winners that contribute to a large chunk of this growth trajectory in terms of sales
- The Internet and Mobile Association of India conducted a study that predicts that the e-commerce industry is estimated to reach 211,005 crore rupees by the end of 2016.
- Estimations for future growth continue to be encouraging even after 2016 with the e-commerce industry set to generate an estimated figure of about $100 billion with $35 billion of the total amount being generated by the fashion industry online.
- Growth in the sales of apparel is set to spike four times the current estimate by 2020.

Top Five E-Commerce Companies in India

Sr.No	Name of Company	Details
1	Flipkart	Conceptualized in 2007 by Sachin and Binny Bansal, Flipkart enjoys the status of being the leading e-commerce company in the Indian market. The company made a humble beginning as an online books store and later added electronic items and apparels to its portfolio.
2	Fashion and You	Brainchild of Harish Bahal, started in 2009, this company is the one-stop for designer's collections and has since become a name to reckon with in the fashion and apparel industry with leading merchandise associations.
3	Snapdeal	Started by IIT alumnus in 2010, Snapdeal was initially a discount coupon website but later changed its course to include mobile, apparels, books etc.
4	Myntra	Established in 2007 by IIT graduates, Myntra is in the niche segment of apparels sharing tie-ups with several brands of repute.
5	Deals and You	As the name suggests, deals and you engages customers with discounts in products and services ranging from beauty and personal care to chocolates and fitness.

Challenges of E: Commerce in India

Infrastructural Facilities Problems:

Internet is the backbone of e-commerce. Unfortunately, internet penetration in India is so far dismally 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. Now Internet is accessible

by young youth with the help of mobile phones and smart phones. Mostly people used mobile and tablets. 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.*"The above statement is acceptable but now situation is becoming smooth due to application and introduction of 4G and 3G."*

2. Absence of Cyber Laws:

Other big problems and challenge related with e-commerce market is the near absence of cyber laws to regulate transactions on the Net. World Trade Organization (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 or omitted legal uncertainties and problems 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, Safety and Security Concern:

Now, today most of the problems created by e-commerce and majority of the problems are related with safety and security. Sometimes, people open the account without prior permission and it create major issues in e-commerce.

4. Payment of money and Tax Related Issues:

Issues related to payment and tax is yet another major problem continuously hammering e-traders. The electronic payment is made or possible through credit card or plastic money which could, however, not become popular so far in India mainly due to two reasons. First, the people are not aware and only 2 percent of population uses credit card. People are not habituate with the credit card systems.

Second, the Indian customers face many problems like cheating, threat of frauds and playing games by hackers. Similarly, tax administration is yet another major problem in these seamless worldwide e-commerce systems. As establishing incidence of tax in case of e-commerce transactions becomes difficult, this, thus, provides ample or wide scope for tax evasion.

5. Digital Illiteracy, Un- awareness and Consumer Psyche:

India has highest young youth but the problem of awareness and education. At present, digital illiteracy is one of the alarming problems e-commerce is facing in India. On the other side, the continuous migration of skilled computer engineers to other countries has fleece India of software engineers. This is the real threat to the Indian IT sector.

6. Threat of Virus:

The consumer can now do more personalized shopping with a hoard of options available. The whole shopping experience has become very convenient. The thing with e-commerce is that it is not just maximizing but also changing. People are now becoming more habituate with

online shopping activities and it can be operate only through laptops or smart phones. Every computer operator has one fear and that is the fear of virus problems. Anytime virus can destroyed the e-commerce systems and some time it is uncontrollable.

Besides the above challenges, the growing and strong economy like India also faced the following challenges:

- Lack of Awareness
- Lack of Education
- People are not habituate with credit card systems
- Political pressure and problems
- Communication Gap
- Lack of experience in Business
- Mindset of people are very complex
- Lack of awareness of latest technology

CONCLUSION

By 2016, the current number of shoppers in India will double to 40 million, and their spending wills more than quadruple to US $8.5 billion. Fashion e Commerce doubled last year, and will see 400 percent growth by 2016, rivalling the electronics and mobile category. This is likely driven by women's growing influence, which will grow by five times in the next three years.

Tier 2 cities' e Commerce adoption is growing far faster that Tier 1 cities, but some states lagging behind still need better infrastructure in place. Only nine percent of Indians with an Internet connection shop online, compared to over 30 percent in other BRICS countries.

India's e Commerce market is still 60 times smaller than China's.88 percent of the growth in Ecommerce in India will come from 200 million Indians coming online in the next three years, especially young people. E-commerce is now becoming pillar of Indian economy and every e-commerce company should provide best and smooth services to the customers.

The second advantage of e-commerce facilities are that every company can expand the product geographically and connected with every customer in every corner. However, e-commerce faces many challenges and problems in the current scenario.

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