

# A Study on the Impact of E-Commerce in India and Its Issues & Challenges

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**Abstract – Retailing center is already quickly becoming an e-commercial center. Anything from needle to ship can be bought on the internet. With new and new players, today's players and new competitors have a common idea of creative systems to offer their goods and services. Electronic trading is more than just another means of helping or enhancing established industries. Or even e-commerce brought disruptive business shifts. It is a problematic invention that changes the conventional method of doing business dramatically. Ecommerce paves the way for our nation's huge business development. Rising web customers have contributed to their growth. Ecommerce has brought the online travel industry to increase in numerous ways and included another corporate sector in our nation, through the online retail industry. The current study attempts to portray today's scenario and e-commerce facilitators in India, dissect the present e-commerce patterns and examine e-commerce obstructions in India.**

**Keywords: E-Commerce, Impact, Issues, Challenges**

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## INTRODUCTION

E-commerce includes e-commerce, which applies to a broad selection of online market exercises with different goods and services. It involves managing the products and services through electronic media and the Internet. It refers to the seller's website, which provides goods or services directly from the gateway to the customer through a digital purchasing cart or a digital transactions basket system and which allows it possible to make payments through Internet banking or credit / debit cards. Ecommerce or e-business requires the usage of the internet and the different computer management methods to carry out a business. In essence, e-commerce is the growth of internet business. E-commerce has been the main online operation overnight.

## E-COMMERCE

E-commerce is a change in paradigm. This is a "disruptive innovation" which changes the conventional way of doing business drastically. Electronic commerce is a form of business model or part of a broader business model that allows it possible for a corporation or entity to act on an electronic network, usually on the Internet. E-commerce is the purchase and sale of goods and services or the transmission via the Internet of funds or data. These are company-to-business, business-to-consumer, consumer-to-consumer or consumer-to-business transactions. The word retail is used for online shopping purchase operations. Electronic data interchange (EDI) and the file transmission protocol

as well as network sites, are available in a broad range of applications, including email, fax, and online catalogues and shopping cards. It can be used as a more sophisticated means of buying mail from a catalogue. E-Commerce is a market trend on the World Wide Web. In both market fields, the impact of e-commerce now occurs from customer support to new product creation. It allows for new forms of business knowledge processes to meet and communicate with consumers, including online advertisement and marketing, online order management and customer support.

In the modern years there has been a growth in the number of e-commerce firms. Big Indian portals have moved to ecommerce rather than advertisement sales. A selection of goods and services from roses, greeting cards and movie tickets to foodstuffs, technological devices and computers are now being offered on several places, such as historical development of EC-commerce a timetable for the development of e-commerce:

- 2000: bust dot-com.
- 2001: In December 2001, Alibaba.com achieved profitability.
- 2002: PayPal is purchased by eBay at \$1.5 billion. Niche retail companies Way fair and Net Shops are established rather than a central platform with the idea of selling goods across different target domains.

- 2003: first annual earnings posts from Amazon.com.
- 2003: marketplace Boss goo B2B founded in China.
- 2004: DHgate.com was born, the first Chinese online b2b transaction portal, pressuring other b2b sites to change from the model "yellow pages."
- 2007: R.H. bought Business.com. Donnelley for 345 million dollars.
- 2009: Zappos.com bought for \$928 million from Amazon.com. Retail Integration, private sales platform Provider RueLaLaLa.com, purchased at \$180 million by GSI Commerce, plus revenues of up to \$170 million dependent on results up to 2012.
- 2010: Groupon is stated to refuse Google's \$6 billion offer. Instead, on 4 November 2011, the group would purchase websites via an IPO. It was Google's biggest IPO.
- 2011: Quidsi.com, Diapers.com member corporation, bought from Amazon.com \$500 million in cash and interest and other loans worth \$45 million. GSI Commerce, a corporation specialized in the creation, construction and management of shopping centres for brick and mortar firms, is bought at \$2.4 billion from eBay.
- 2014: Overstock.com processes Bitcoin's revenues over \$1 million. The e-commerce sector in India is expected to have risen to \$12.6 billion by more than 30% in 2013 from 2012. US e-Commerce and online retail revenues are expected to hit \$294 billion, up 12% from 2013 and 9% of retail sales. Alibaba Group has \$25 billion worth of the biggest initial public provider.
- 2015: Amazon.com represents over half of all trading growth, selling approximately SKU 500 million inside the US.
- 2016: Indian market for ecommerce projected to reach \$38 billion – a marvelous 67 per cent increase compared to the 2015 figure of \$23 billion.
- 2017: According to Adobe 's study of one trillion visits to more than 4,500 retail outlets and 55,000 SKUs, exchange revenues grew to \$108.15 million.
- 2018-19: 38.5 billion US dollars, which rose at about 17 percent in the 2018-19 financial year.

- 2020: Global e-commerce is projected to reach over \$4.2 trillion by 2020 and over \$6.5 trillion by 2023. By 2021, over 2.1 billion consumers are projected to buy products and services digitally.

### OBJECTIVES OF THE STUDY:

- To study the present status of E-Commerce in India.
- To examine the barrier of E-Commerce in India.
- To discuss the future of E-Commerce in India
- To study about the challenges of E-commerce in India.

### LITERATURE REVIEW

**Sharma and Mittal (2010)** Viewed that a significant percentage of e-commerce is being carried out online and that Rs. 9210 crores are projected to be affected by India at a growth pace of 30 % by the end of financial year 2008. Market e-commerce is the leading engine of the economy in this development and has reached a respectable stage in India. E-commerce has thus arisen as a limit-less trading tool in an age of globalization, where the internet has entered customer homes, physical distribution has become electronic distribution, physical goods may be digitized as electronic products and often even purchases become solely electronic.

**(Abhijit, 2013)** His paper claimed that electronic commerce has spawned another disruption which changes the way corporations purchase and sell goods and services. New approaches have advanced. In establishing commercial ties, the function of geographical distances is reduced. The Internet economy will begin to expand robustly with the growth of 3 G and 4 G wireless networking technology.

**(Raghunath & Panga, 2013)** It concluded that modern Internet consumers were initially hesitant to perform any business online, citing their primary concern for security purposes. In order to improve customer service acceptance, it is important to recognize, consider and elevate the cause of consumer uncertainty, apprehension and danger. E-commerce presents vast possibilities in numerous fields, but it needs cautious implementation for consumer protection issues.

**(Madhukar Sarode, 2015)** His paper concluded that the future of ecommerce is browsing, and the distance between the producer and the customer has been minimized as a consequence of ecommerce. There is massive potential for e-

commerce in India, but in India citizens face difficulties due to poor cyber legislation. (Saxena, 2015) concluded in her paper that e-commerce is an important part of Indian society. It plays an important role in the progress and growth of the Indian economic structure. It helps small and medium-sized businesses to survive. E-commerce still poses some obstacles, such as shortage of cyber regulation and computer preparation.

**(H. Ramchandani, 2016)** Her paper reported that in 2015, retail e-commerce revenues constituted approximately 0.9 per cent of all retail transactions in India as a percentage of overall revenues. However, this number is projected to rise soon and to hit 1.4% in 2018. The company of physical retailers, especially small retailers, has greatly influenced e-commerce. Foreign e-retailers are offering domestic retailers a tough rivalry. However, physical retailers are still very well placed on the Indian market as Indian buyers usually check the products before buying.

## RESEARCH METHODOLOGY

Test methodology is the comprehensive and analytical review of the techniques employed in a research environment. It involves the method used to gather information and data for decision-making. The secondary source of knowledge was included in this article. Data is obtained from newspapers, books and websites and other sources.

### Present Scenario of E-Commerce in India

E-commerce is still increasing in India, but for emerging countries such as India it provides enormous opportunities. The e-commerce market in India began operating amongst industry and business users (B2B) at the end of the 1990s. The e-commerce company for customers (B2C) launched in 1996 as matrimonial portals. The cost and pace of the internet at that time restricted their development. Rediff.com was the first e-commerce platform in India and was one of the busiest websites for both Indians and non-Indian people. There has been an increase in the number of companies that allow e-commerce and Internet in India over the past five years. Big Indian websites have now moved to e-commerce rather than to ads sales. E-commerce is becoming an important aspect of our culture. Websites deliver a range of products and services. Almost all types of products and services are accessible on this page. These pages are targeted at consumers of either good or service. These websites are recognized as e-commerce platforms for Multi Goods. There are also single-product e-commerce platforms that trade solely with specialty fields. Technology is transforming the shopping process. In India, 60 percent of the overall internet user's frequent e-commerce pages. Favored demographics and the increasing base of internet users helped accelerate

growth. Indian players such as amazon, Myntra, Flipkart, India Times, Snapdeal etc. displayed growth, and massive investment interests across these businesses exposed tremendous business opportunities. Table 1 and Figure 1 indicate the top e-retailers in India in 2018.

**Table 1: Leading E-Retailers in India in 2019**

E-Retailer	Sales (in Millions US Dollars)
Amazon	329.69
Myntra	42.20
Flipkart	330
India Times Shopping	300.24
Jabong	163.06
Urban Ladder	100
Snapdeal	110
Zovi	100
Paytm mall	60.5
Infibeam	40.69
Firstcry	38.45
Big Basket	39.09



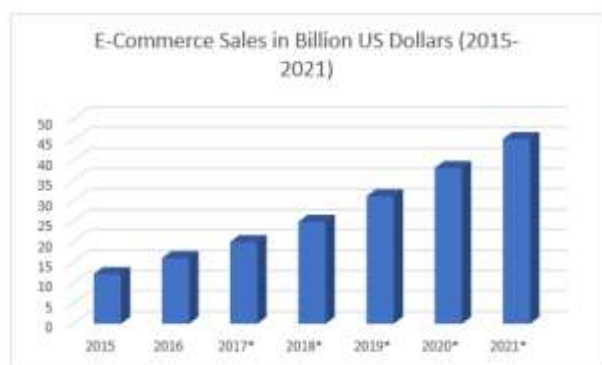
**Figure 2: Leading E- Retailers in india**

### Future of E-Commerce in India

In India, the e-commerce market is rising rapidly. India 's Internet users base might still be just 400 million, far smaller than developing countries in the world, but it grows every day. The accelerating rise in India's e-commerce is attributed to internet penetration and smartphones that are readily accessible. In addition, the preferred demographics and government digitization effort are also driving India 's rise in e-commerce. The retail market is already one of India's main development markets, and is projected to expand at a growing pace in the future. Tables 1.2 and 1.2 indicate the rise in e-commerce revenues between 2015 and 2021.

**Table 2: Future of E-Commerce year wise**

Years	E-Commerce Sales in Billion US Dollars (2015-2021)
2015	12.19
2016	16.08
2017*	20.01
2018*	24.94
2019*	31.19
2020*	38.09
2021*	45.17

**Figure 2: E-commerce sales in Billion US Dollars (2015-2021)**

The rise in e-commerce revenues between 2015 and 2021 is illustrated in Table 2 and Figure 2. From the table and map it is evident that e-commerce transactions indicate a rising pattern. In 2015, it was \$12.19 trillion, which increased to 16.08 in 2016. In the coming years, it is also projected to expand at a growing rate. It is projected to hit \$45.17 trillion by 2021, nearly four times the selling in 2018.

## BARRIERS OF E-COMMERCE IN INDIA

Various infrastructural barriers are creating obstacles to ecommerce development in India. Some of the following are listed:

- A. **Payment Collection** At the stage that the net payment is done by the administration of an account, one must complete a crucial offer of profits (4% or more) also for a low benefit corporation. Frauds, cash back and so on both become trader's responsibility and are thus reflected in the business model.
- B. **Logistics** you have to send the object securely to the correct individual in a timely manner. Customary post does not offer an adequate service, while couriers charge highly and have a limited working time. You will first need to guarantee the high-value articles produced extend the cost more.
- C. **Provider administration** though, the vendor would have to go down and trade in an ineffective inventory management system. This is about to come back dramatically. A significant portion of them would not supply their papers with computerized details. No

good images, no advanced details sheet, no day-by-day part to review, access to keep the website informed.

- D. **Taxation Provision**, entry fees, VAT, and state-specific tax systems continue to generate chaos.

## CHALLENGES IN ECOMMERCE

### External Challenges:

Global factors shape how e-Commerce businesses prepare their expansion plans and have user service on site and after sales.

- **Product and business strategy:** e-commerce firms must resolve concerns surrounding rapidly changing consumer markets and product portfolios, accessing knowledge on business data in the areas of expansion, size and share control, maintain numerous customer involvement channels focused on growing to different geographies, labels and goods while at the same time tackling hyper-competitive pricing.
- **Consumer and interactive experiences:** businesses must have rich, fresh and clear customer experience which is not based on discovery, handle fragmented platform-wide brand experience; navigate technological proliferation and time for business pressure for innovative applications. Social media have recently become more influential than paid marketing.
- **The Payments and transactions:** e-commerce companies can face stability, confidentiality and fictitious transaction processing control problems. In addition, RBI limitations on prepaid instruments or e-wallets act as obstacles. Cross-border tax and compliance problems and a backend utility tax and withholding tax may have significant ramifications from a transaction viewpoint.
- **Fulfillment:** Businesses will need to test if the Internet level is impacting the physical networks. Furthermore, the lack of an integrated end to end logistics platform and an innovation-driven solution to delivery problems could lead. Challenges in the reverse management of logistics and relationships with third parties can often serve as barriers to progress.



## INTERNAL CHALLENGES:

Internal factors influence the organization of e-commerce firms to drive and maintain growth.

- **Organization Scaling:** E-commerce businesses would need to ensure that the corporate architecture is compatible with constantly changing market strategy, flexible governance, good leadership and business growth. From a development viewpoint, it becomes important to recognize investment prospects, fund raising and IPO preparation. From the technological perspective, transforming IT into an innovation hub is important and addressing the lack of synergy between business, technology and business functions.
- **The Tax and Regulatory Framework:** Corporations would need to resolve the problems related to suboptimal warehouse tax preparation imbalance between FDI requirements in relation to sufficient corporate controls, inefficient IPR keeping or corporate structure or foreign tax inefficiencies. Future obstacles include the latest business acts, relevant party price policy and GST roadmap confusion.
- **Risk theft and data protection:** E-commerce firms will cope with problems relating to brand risk, internal attacks and uptime of websites from the risk viewpoint. Things about nexus, bribery and corruption of employee sellers make companies vulnerable to fines. Cyber protection also poses some questions regarding the usage of websites for foreign actors.
- **Regulatory Framework:** e-commerce businesses must conform with a variety of regulations, all of which continue to change. Potential problems with cyber law enforcement, inefficient anti-corruption process, legal exposure in agreements or contracts, the process and rules and regulations for direct and indirect tax enforcement might present problems. Uncertainty about the effect of VAT in different states may lead to problems because of unique market modes.



**Figure 1: E-Commerce Drivers and Challenges**

## FUTURE OF ONLINE MARKETING IN INDIA

E-Commerce is here to stay:

- **Social media:** Most choices are taken on social media transactions online. Social networks such as Facebook, LinkedIn, Twitter, Google+, Pinterest etc. are now quick to log in and shop. Moreover, the clients can stay updated via the posts published on this media. Furthermore, advertisement and advertisement on these networking networks also improved the probability of profitable purchases.
- **Drone distribution:** Businesses strive to innovate the distribution mechanism to reduce human activity and time. The solution to these issues is Drones distribution. DGCA is now rapidly overseeing the procedure of issuing drone use guidance for civil purposes in India. If all goes according to the schedule, then India might be the world's first nation to allow drones to be used for civil purposes.
- **App only Approach:** the future of the Internet lies in mobile devices. Experts estimate that by 2018, more than 580 million users will use the Internet in India and 70-80 percent will use the Network over cell telephones. This suggests that all big players turn to an app format only. Around two-thirds of Flipkart's internet traffic comes from consumers in small towns and villages. In countries where most residents do not possess a personal machine and have restricted connections to internet, the Flipkart-only solution takes on more relevance.
- **Buy Now Button of Google:** Google is reportedly working on its own – Buy Now a style button that will enable e-shoppers to search products on Google and purchase them with a single click right across the search results page of Google. The icon would be shown next to the supported

search results under a 'Store at the top of the page on Google Time heading. When users press the Google — Buy Now for an icon, the delivery path will be diverted to another Google website, enabling users to select that object information, such as colour and height. Google would then forward to the retailer information, including the name of the customer and the shipping address.

- **Artificial intelligence:** As the space of e-commerce becomes crowded, consumers who want technologies to be utilized innovatively zero in businesses who are designing artificial intelligence applications (AI). Jet Airways experiments with one of Vizury's solutions. It scans the public content of the individual on the internet and the previous customer searches and creates an instant profile. Based on this information, the airline knows whether to arrange hotel deals or simply to stick to discounts on airfares. The device will even inform you how likely the client is to update and how flexible it is to adjust the place or date of travel.

## CONCLUSION

E-commerce made it easy to shop. Facing many hurdles, the e-commerce industry in India is rising fast. The e-commerce sector is actually one of India's main rising sectors. The e-commerce revenues are projected to rise almost four times by 2021 relative to 2018. Increased mobile phones and internet users, 3G/4 G internet access, consumer knowledge, government effort in digitization, innovative shipping and payment options, international e-business players, etc. This unparalleled growth in e-commerce is attributed to an increase. The government should take action to include an effective legal structure in order to mitigate barriers to the growth of e-commerce.

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