



A STUDY ON FUTURE AND CHALLENGES OF ELECTRONIC E-COMMERCE IN INDIA

Mrs. Neha Narang

SPB English Medium College of Commerce,
Surat,
Gujarat

ABSTRACT

E-commerce is one of the business that everyone is exploring at present and in future too. E-Commerce is growing at a fast pace in India. E commerce is the future of shopping. It is discussed in the paper that Indian E-Commerce Industry has registered remarkable growth in the last few years. There are unbelievable opportunities of growth in E-Commerce in future also with its certain challenges too and it needs to be addressed properly. In the present paper an attempt has been made to study the present status of E Commerce in India, discuss the future of E-Commerce in India with the help of forecasting done through Linear Regression, and examine the challenges of E-Commerce.

KEYWORDS: E-Commerce, Growth, Online, India, Internet.

1) INTRODUCTION

E-Commerce stands for electronic commerce which means exchange of products, services and information with the help of internet. E- Commerce is an online transactions and is showing a tremendous growth in India. But Electronic commerce is more than just buying and selling products through online medium as it includes the entire online process of developing, marketing, selling, delivering, serving and paying for products and services. In short, it is doing business online. India has shown tremendous growth in the E-Commerce segment. E-Commerce has become an important tool for small and large businesses worldwide, not only to sell to customers but also to engage them. Due to lack of awareness regarding internet facility, online purchasing system was developing slowly, but now the situation has changed and the E-commerce industry is growing rapidly in our country.

2) OBJECTIVES OF THE STUDY

- To study the current position of E-business in India.
- To analyse the future of electronic Business in India. (Liner Regression Forecasting)
- To study the challenges faced by E-Business players in India.

3) LITERATURE REVIEW

S.A., K.K., J.M. (2016) researched on the topic “A Review Paper on E-Commerce”. The objective of the paper is to describe the scenario of E-Commerce

and to analyse the trends of E-Commerce. To achieve the objective present status and trends in e-commerce are studied which shows that over the last 10 years the use of internet is increasing at a tremendous rate.

MA.V.A. (2012) researched on the topic “E-commerce: Opportunities and Challenges”. This paper examines different opportunities of e-commerce. It brings out the overall view of growth of e-commerce industry in India from 2007 to 2011. This paper highlights the various key challenges and opportunities which Indian E-commerce industry may face in the upcoming years

Bulsara, P.H, Vaghela, S.P. (2017) researched on the topic “E-Commerce: Past, Present and Future - An Indian Perspective”. This paper deals with the introduction of E-commerce, its definitions, the difference between E-commerce and E-business, E-commerce organizations and its classification based on types of transactions and involved parties and benefits of E-commerce to organization and consumer. The paper also discussed key drives of E-commerce in India. It gives an idea about key challenges faced by E-commerce industry in India and highlights of future trends of E-commerce in India. Finally, Conclusion and recommendations are discussed

Khan, G.A. (2016) conducted a study on the topic “Electronic Commerce: A Study on Benefits and Challenges in an Emerging Economy”. The benefits of E-commerce and the impact of E-commerce on the market is discussed in this paper. Advantages of E-commerce are cost savings, increased efficiency, and customization. Successful



E-commerce involves understanding the limitations and minimizing the negative impact.

N. Kiranmayi. (2016) researched on the topic “**A study on barriers to e commerce in India**” The objective of the paper is to explain the concept of ecommerce and its limitations in legal and technical barriers. The paper is exploratory cum descriptive in nature. It is discussed in the paper that Despite India being second largest user base in the world most of the hosting companies is not suitable for E-commerce hosting purpose. There has been tremendous pressure to many E-commerce companies to keep the cash flowing. In spite of all its limitations E-commerce continuous to remain as a sunrise sector in India which offer immense benefits to all its stakeholders.

4) SOURCES OF INFORMATION

In the present paper an attempt has been made to study the present status of E Commerce in India, examine the challenges of E-Commerce and discuss the future of E-Commerce in India. In the present paper, the secondary source of information has been used. The data has been collected from journals, books and websites.

5) PRESENT SCENARIO OF E-COMMERCE IN INDIA

E-Commerce in India is still in a growing stage, but it offer tremendous opportunities for

developing countries like India. The e-commerce sector in India started their operations late nineties among business to business users (B2B). Business to Consumers (B2C) E-commerce started in 1996 in the form of matrimonial portals. The cost and the speed of internet was the limiting factor for their growth at that time. The first E-Commerce website in India was rediff.com, which was one of the most trafficked portals for both Indians and non – residents Indians. Last five years have seen a rise in the number of companies enabling e-commerce technologies and the internet in India. Major Indian portal sites have also shifted towards e-commerce instead of depending on advertisement revenues. Today E-Commerce has become an integral part of our society. There are websites providing any number of goods and services. These websites provide almost all categories of goods and services on a single site. These sites target the buyers of every possible product or service. These websites are known as Multi Product E-Commerce Sites. There are also Single Product E-Commerce Sites, which deal in specialised field only. Technology is changing the way of shopping. Out of the total internet users in India, 60% visit e-commerce sites. Favoured demographics and growing internet users’ base helped in adding the growth. Growth shown by Indian players like Flipkart, India Times, Snapdeal etc. and huge investors’ interest around these companies showed the immense potentials of the market.

The Table (a) and Graph (a) depict the leading e-retailers in 2019 in India.

Leading online stores in India in 2019, ranked by net e-commerce sales (in million U.S. dollars)

Table (a) leading e-retailers in 2019 in India

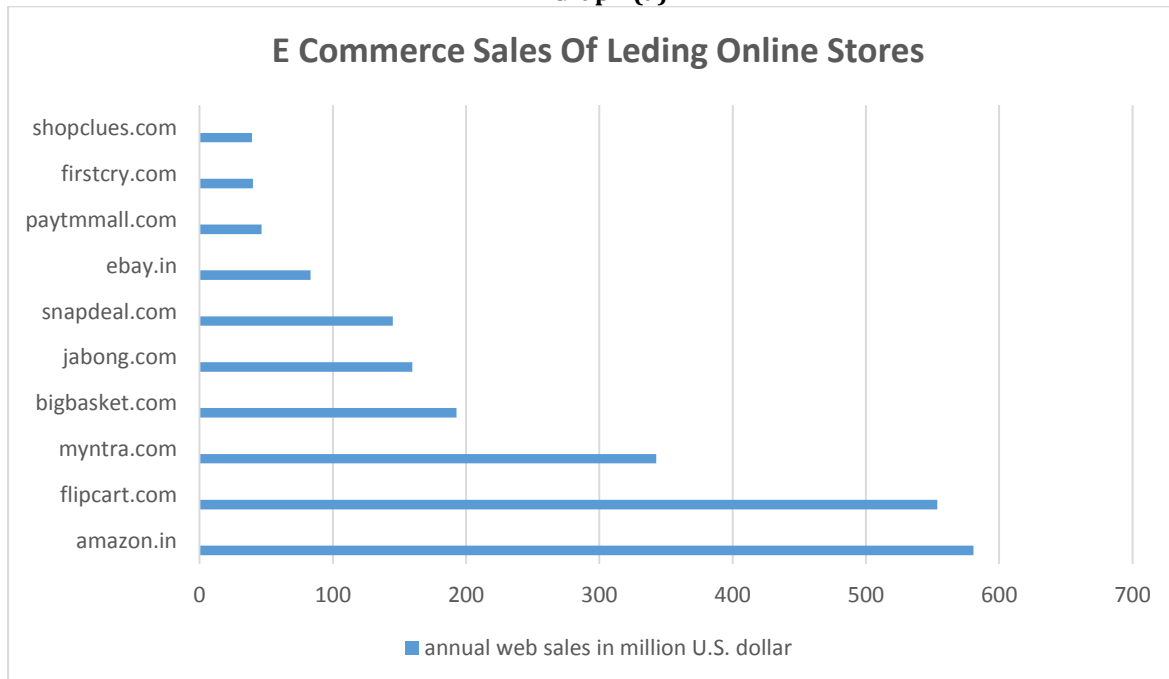
Name of company	Annual web sales in million U.S. dollars
Amazon.in	590.8
Flipcart.com	560.5
Myntra.com	382.7
Bigbasket.com	202.7
Jabong.com	159.7
Snapdeal.com	148.9
Ebay.in	89.2
Paytm mall.com	48.5
Firstcry.com	42.6
Shopclues.com	42.2

Source://www.statista.com

It is clear from the Table 1.1(a) that the Amazon is at the first position in terms of sales in the year 2019 followed by Flipcart and Myntra. Shopclues is at the 10th positions.



Graph (a)



6) FUTURE OF E-COMMERCE IN INDIA

The E-Commerce sector in India is growing rapidly in India. The internet users' base in India might still be mere 400 million which is much less as compared to developed nations of the world, but it is expanding day by day. The accelerating growth of e-

commerce in India is due to internet penetration and easily available smart phones. Furthermore the favourable demographics and government effort of digitalisation is also pushing the growth of e-commerce sector in India. Retail sector is one of the largest growing sectors in India at present, which is expected to grow in future with an increasing rate.

Table (b) and Graph(b) show the growth of ecommerce sales from 2015 to 2021.

Table (b) the Growth of E-commerce Sales from 2015 to 2019

Years	E commerce sales in billion US Dollars(2015-2019)
2015	12.19
2016	16.08
2017	20.01
2018	24.94
2019	31.94

Source: <https://www.statista.com>



Chart (b)

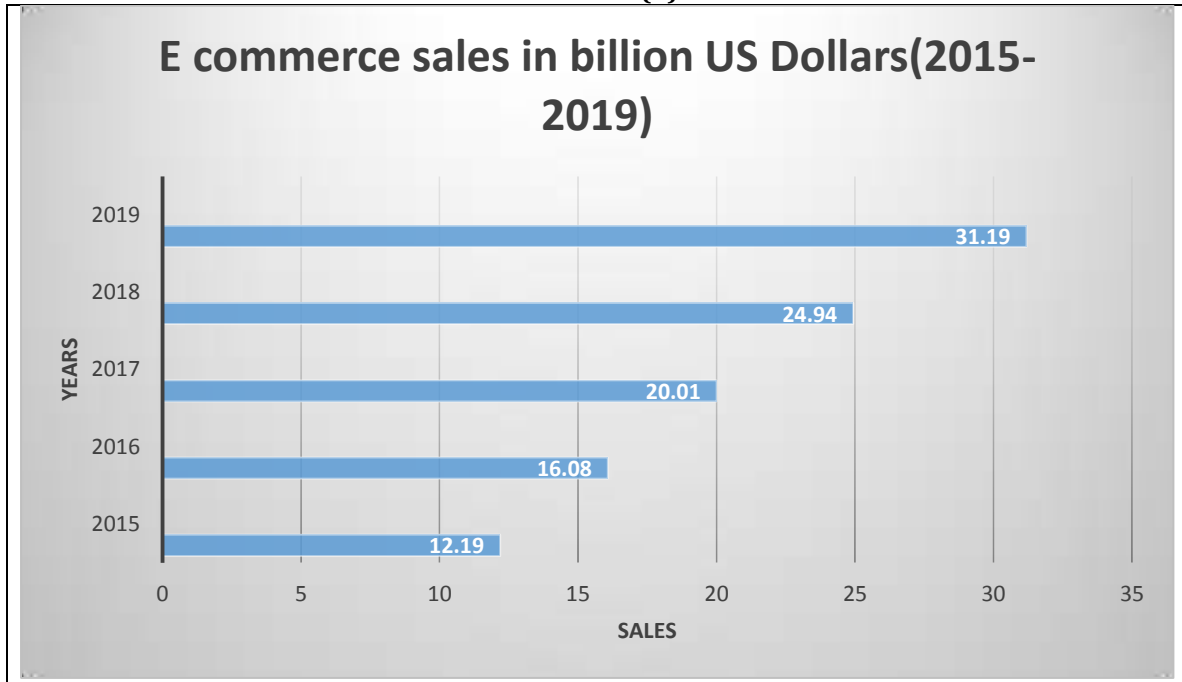


Table 1(b) and Graph (b) highlights the growth of E-commerce sales from 2015-2029. It is clear from the table and the graph that the e-commerce sale is showing an increasing trend.

It was 12.19 Billion Dollars in 2015 which rose to 16.08 in 2016. Sales are expected to grow with an increasing pace in the coming years also. It is expected to reach at 45.17 Billion Dollars in 2021, which is almost 4 times the sale of 2015.

7) FORECASTING USING LINEAR REGRESSION

With the help of forecasting method following predictions are made for the year up to 2025. As indicated from the graph the **Blue Line** shows the actual e-commerce sales and **Red Line** shows forecast sales.

The prediction is made with the help of Linear Equation $Y=4.686X-9430.8$

$$R^2= 0.856$$

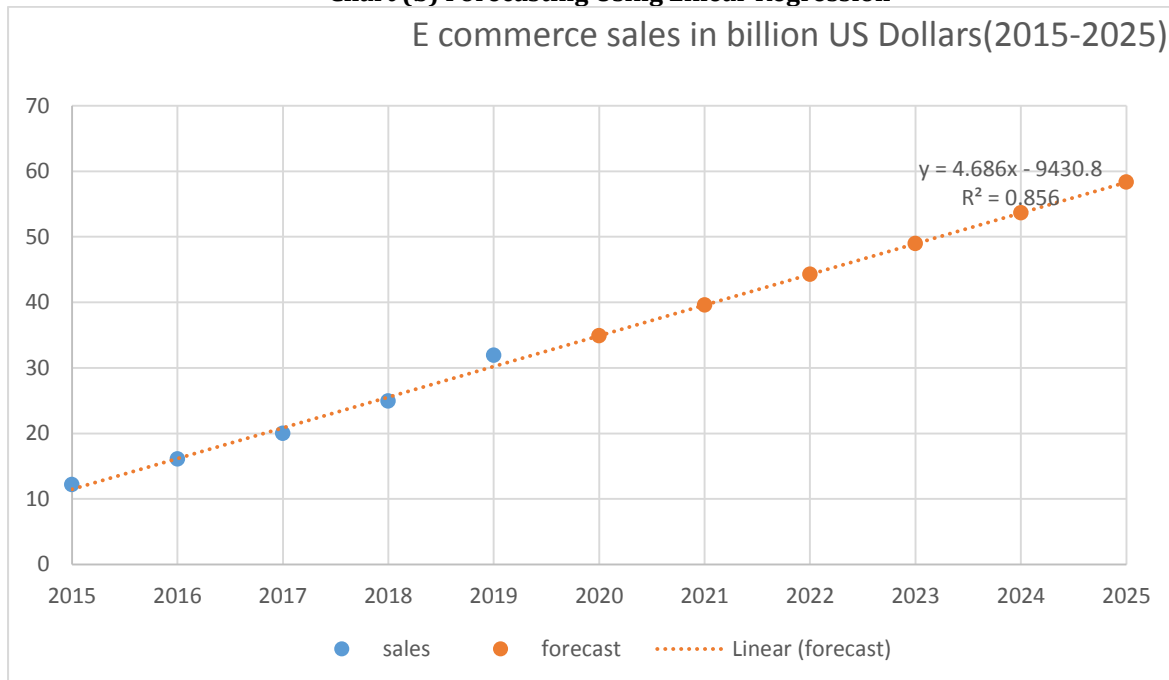
Table (C) Forecasting Using Linear Regression

Years	E commerce sales in billion US Dollars(2015-2021)
2015	12.19
2016	16.08
2017	20.01
2018	24.94
2019	31.94
2020*	34.92
2021*	39.606
2022*	44.292
2023*	48.978
2024*	53.664
2025*	58.35

Source: Output Of Forecasting In MS Excel Using Linear Regression



Chart (b) Forecasting Using Linear Regression



8) BARRIERS OF E-COMMERCE IN INDIA

- 1) **Poor Internet Facilities:** As it is known that Internet is considered the backbone of the e-commerce. But in rural India the penetration of internet facilities in India especially is very less. Speed of Internet is also the major challenge in our country. No doubt we are moving towards 4G internet services but still a lot has to be done.
- 2) **Feeling Unsecure:** Feeling of insecurity by customer is one of the major and challenges for e-commerce India. Customers have to be confident about the integrity of the e-dealers and payment process before making any purchase order online. Risk of hacking and cybercrimes are also there.
- 3) **Logistic and Supply Chain:** Logistics and supply chain has been the major challenge to the e-commerce companies. As Most of the population of India lives in villages thus to reach the consumer in the village is a big task.
- 4) **Cash on Delivery (COD):** Cash on delivery is still a big problem for e-commerce companies. In the era of digital payments, cash on delivery is still the most chosen mode of payment used by the consumers. But this mode is very expensive for e-commerce companies as If when the customer return the product than it becomes very expensive for the company as it has to pay two way courier charges.
- 5) **High Competition:** There is a cut throat competition among the player in the e-commerce market. With intense competition, the profitability of the of the companies decreases as they have to use aggressive pricing strategy and offer huge discounts and commissions.
- 6) **Tax Structure:** Tax structure is another factor for lesser growth of e-commerce sector in India in comparison to other developed countries like USA and UK. In India there are different types of taxes and these taxes create accounting problems to online business. Some states are even charging separate tax on e-commerce transactions. Government has implemented the GST Act, which is expected to solve this problem to great extent.
- 7) **Absence of Cyber Laws:** Absence of cyber laws to regulate the online business transactions is another bottleneck to e-commerce in India. The new technology has created huge legal uncertainty in our country. The existing Consumer Protection Act 1986 needs to be amended to update and widen the scope of the Act.
- 8) **Physical Purchase:** Most of Indian customers are more comfortable in buying product physically. They want to see and touch the product before buying. So they do not prefer to buy product online.



8) CONCLUSION

E-Commerce has made the shopping easy. The E-Commerce Industry in India is growing rapidly and is one of the largest growing industries in India at present. E-commerce sale is expected to grow by almost 5 times by 2025 than the sales of 2015. This unprecedented growth in E-Commerce is due to increase in the use of smart phones devices and internet users, 3G/4G internet services, awareness in public, government initiative of digitalisation, advanced shipping and payment options, entry of foreign e-business players etc. Government should take steps to provide a proper legal framework so that hurdles in the growth of e-commerce are reduced to minimum.

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