



## Problems and Challenges of E-Commerce in India

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### ABSTRACT:

E-commerce provides multiple benefits to the consumers in form of availability of goods at lower cost, wider choice and saves time. Online businesses like financial services, travel, entertainment, and groceries are all likely to grow. Forces influencing the distribution of global e-commerce and its forms include economic factors, political factors, cultural factors and supranational institutions. This paper explores various research studies carried out on E-commerce, examines different opportunities of e-commerce viz., E-business, E-learning, E-commerce education integration, E-insurance, E-commerce for the WTO and developing countries and future media of e-commerce. It raises key challenges that are being faced by consumers relating to e-commerce viz., Ethical issues, Perceptions of risk in e-service encounters, challenges for education, It act 2000 and legal system. Finally many companies, organizations, and communities in India are beginning to take advantage of the potential of e-commerce; critical challenges remain to be overcome before e-commerce would become an asset for money transfer e-commerce common people.

**Key words:** E-business, E-learning, E-commerce education integration

### INTRODUCTION

E-commerce is anything that involves an online transaction. This can ordering online, through online delivery of paid content, to financial transactions such as movement of money between bank accounts. This paper has analyzed some of the challenges and opportunities of e-commerce. Elizabeth Goldsmith and others (2000) reported that the general category of e-commerce can be broken down into two parts:

1. **E-merchandise:** Selling goods and services electronically and moving items through distribution channels, for example through Internet shopping for groceries, tickets, music, clothes, hardware, travel, books, flowers or gifts.
2. **E-finance:** banking, debit cards, smart cards, banking machines, telephone and Internet banking, insurance, financial services and mortgages online (Elizabeth Goldsmith and others, 2000).

The WTO has recognized that commercial transactions can be broken into 3 stages. The advertising and searching stage, the ordering and payment stage, and the delivery stage. Electronic commerce comprises core business processes of buying and selling, goods, services and information over the internet. Electronic commerce refers to wide range of online business activities for products and services. E-commerce is the use of electronic communications and digital information processing technology in business transactions to create, transform and redefine relationships for value creation between organizations and individuals.

**INDIA'S PROSPECTS IN ECOMMERCE:** There are some essential factors which will significantly contribute to the boom of e-commerce industry in India i.e. Legal requirement of generating invoices for online transactions, multiple payment option,



replacement guarantee, quick service, the product quality and dedicated 24/7 customer care Centre should be there. E-commerce also provides various types of opportunities for retailers, wholesalers/distributors, producers and also people.

A. **Services for Producers** :- Producers can take advantage of ecommerce by linking themselves with online, by giving better information about their product to the other links in the business chain and by having brand identity. Producers can sell their goods directly to the consumers and retailers. Providers has easy potential for communication and they can no longer rely on the customer to be forced to communicate with them by sending leaflets or through advertisements.

B. **Services for whole Distributor** :- Wholesalers can take advantage of ecommerce who is capable of establishing contractors with reputed producers and linking their business With the on-line. Ecommerce decreases the cost of creating, processing, distributing, storing and retrieving information,by digitizing the process.

C. **Services for People**:- People can buy with a click of mouse button without moving out of their house or office, online services such as banking, ticketing including airlines bus, railways, hotel booking etc have been tremendous benefit for the customers. E-commerce allows consumers to interact in electronic communities and to exchange ideas and compare experiences.

D. **Services for Retailers**:- A Retailer can save his existence by linking his business with the on-line distribution. They can make available much additional information about various things to the consumers, meet electronic orders and be in touch with the consumers all the time. Retailer put the information of their product on such web site which is heavily visited by user like yahoo.com etc. When their product advertisement is seen by many people, more customers will get attracted and thus merchant can get more orders.

#### **CHALLENGES IN E-COMMERCE**

There are some barriers responsible for slow growth of e-commerce in India, Hamilton(2002) indicate some barrier in using e-commerce including security problems. lack of skills, cost etc. Customer resistance to changing from a real to virtual store. People do not yet sufficiently trust paperless, faceless transactions. For the growth of E- business in India it needs a focus and should to make country in the lines of E- business.

A. **Security Issues** :- Fear of making online payment is a universal psychological factor of Indian customers. 60% of the users do not trust the web as payment channel (7).Web transaction takes place with credit card, but credit card itself is not safe. Anyone who can transfer the data of credit card on the web is not sure about the salesman identity. Buyer is also not sure that card is not used for malicious purpose which also causes big challenge for e-commerce in banking also.

B. **Customer Acquisition Forces**:- Successful e-commerce interaction between markets should be strong. Issues related to lack of supply chain integration, high charges for products, delay in delivery and lack of proper courier services in some areas also make customers frustrated and one of challenge faced by e-commerce. To get people to come on e-commerce site and make purchase involves heavy cost due to advertisement and marketing which is biggest problem that early stage of ecommerce startup will face.

C. **Product Target**:- More companies flood the marketplace with new products; target marketing is becoming an increasingly important tool of differentiation. Product



which is not satisfactory for the customers tend to get replaced or returned. Some products take long delivery time to reach customers home. Delivery time of products may range from days to month. This is major issue which leads into overall loss in revenue, loss of shipment costs and reputation. The average Indian customer poses great trust issues for e-commerce transactions.

**D. Less Awareness** :- Indian customers comfortable They tend to choose the product by touching the product directly Majority of Indian rural population are unaware of internet and it uses comes to ratio of internet consumers scenario is not so admirable one Very few are aware of the online corruption and fraud and thus darkness still exists A reliable survey reveals that 50% of Indian online users are unaware of solution of online security.

#### **ESSENTIAL FACTORS FOR GROWTH OF E-COMMERCE IN INDIA**

There are few online giants for shopping and traveling like flipkart.com, Snapdeal.com Makemytrip.com who have overcome the challenges and represents the perfect growth trends of e-commerce in India. "E-commerce space is a booming space as internet audience are likely to double in next two three years and this industry will require talent from various sectors like technology, product, analytics, sourcing, general management talent, merchandising and marketing".

**A. Customer Convenience:** Providing cash on delivery option service to the customers. A replacement guarantee should be there which offers 30 days replacement guarantee to their customers. The convenience of collecting orders post work while returning should be there. Low cost shipment should be there.

**B. Adoption of Multi-Channel Investments:** Multi Channel e-commerce business is an environment in which company sell through two or more online channels. can Cross channel investments are highly aggressive in augmenting both online and offline buying strategies.

**C. Unique or Transparent:** Establishing a reputation and brand for quality products always drives demand. Booming rate of online credit card fraud, online shoppers only want to shop with secure, reputable online retailers. You must be upfront and transparent about your business. Giving insight into you and your business will help build trust with shoppers and lend you an air of authenticity.

**D. Location based Services:** Getting the right content and targeting customers with crisp and relevant information is of utmost importance to users on the move. A dedicated 24/7 customer care centre should be there. Customers these days are always as on the move, promoting the right product at the right time and location become an integral aspect.

**V. CONCLUSION:** In this paper we discuss, E-commerce provides various services to wholesalers who can take advantage of E-commerce and capable of establishing contractors with reputed producers and linking their business with the on-line. Also Retailers meet electronic orders and should be in touch with consumers all the time with Ecommerce. Nowadays, E-commerce is the extensive use of computer network with internet. In this paper, we review there are various segments that would grow in the future like: Travel and Tourism, electronic appliances, hardware product and apparel. E-commerce offers benefits like cost effectiveness, quick comparison shopping, better customer service, information saving and knowledge market development.



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