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## E-commerce in India: Challenges and opportunities

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### Abstract

The e-commerce sector in India is expanding quickly in tandem with the global shift towards digitalization. But this increase also both opportunities and problems. One of the major trends in the Indian e-commerce business is the rise of mobile commerce or m-commerce. It should come as no surprise that m-commerce is growing to be a significant player in the market given that India has over 1.2 billion mobile phone users.

Rural people are increasingly shopping online, which is another development. The expansion of digital literacy initiatives and internet connectivity has made it possible for rural customers to visit e-commerce sites and make purchases of goods and services. Businesses have a fantastic potential to grow their clientele and boost revenue thanks to this.

In India, one of the main problems facing the e-commerce sector is the dearth of infrastructure, particularly in rural areas. Businesses find it challenging to connect with these clients and provide goods on schedule as a result. The fierce competition in the market, where Amazon and Flipkart are the market leaders, presents another difficulty.

The Indian e-commerce sector still has a lot of room to grow in spite of these obstacles. The proliferation of mobile commerce and the growing acceptance of electronic payment methods present firms with prospects to reach out to untapped customer bases. Furthermore, the establishment of logistics infrastructure in rural areas might assist companies in accessing unexplored markets. In this article, we will try to find answers to many questions, such as - what is e-commerce, what are its benefits, what are the challenges and what are the opportunities in it?.

**Keywords:** E-commerce, digitalization, market, rural customers, business

### Introduction

E-commerce is booming in today's economic world. It covers a broad spectrum of manufacturing and service-related online business activities. The purchasing and selling of goods and services using electronic networks, like the internet, is known as e-commerce. It also applies to any type of business transaction when parties communicate online instead of face-to-face or through a physical exchange. It is the process of creating, redefining, and transforming relationships for value creation within and between organizations as well as between organizations and individuals through the use of digital information processing technology and electronic communications in commercial transactions. The old methods of conducting business are completely changing because to e-commerce. It is become an essential component of our everyday existence. This profound shift in business practices is expanding rapidly around the globe, and India is not an exception.

E-commerce is booming in today's economic world. In the realm of business, it is a revolution. It has drastically altered the conventional approach of conducting business. This is a paradigm change that affects consumers as well as marketers. E-commerce gives customers the flexibility to select when and where to shop, as well as the ability to compare products, sellers, and other options. Every aspect of company is affected by e-commerce. E-commerce platforms are becoming more and more popular in India, primarily due to their hassle-free nature. Customers may now easily shop around and select the best possible product because there are more service providers available, meaning they no longer need to wait in long lines to complete key transactions like paying bills, booking hotels, and buying tickets. E-commerce is one of the most popular ways for Indian customers to shop since it offers fast and easy product delivery to their preferred location.

### **Impact of E-commerce on Business**

Every economic sector has been impacted by e-commerce, but banking, retail, communications, and business services have been particularly hard hit. These days, a lot of businesses use e-commerce to speed up the time it takes for their goods and services to reach consumers. Electronic catalogues and search engines for online information, software agents or robots that look for products and services automatically, systems that make product recommendations to users based on personal data, and digital assurances of Internet identity Certification Services are some of the innovations that are fostering e-commerce.

The burgeoning popularity of e-commerce is propelling the new economy and incentivizing retailers to become more innovative by figuring out what makes their goods special and developing memorable customer experiences. Social networking, technology advancements, and customer convenience are the main drivers of this movement. Our busy society has led to the rise of internet purchasing, which is mostly driven by convenience. The trend is being driven by several factors.

**Trading:** The buying and selling of goods is the most basic economic transaction; modifications to this have an effect on supply chain management. Online purchases are being made by an increasing number of people as more people use the internet. Customers and merchants are no longer restricted to a specific location. It just takes a few clicks to obtain a list of hundreds of things.

**Demand Landscape:** The demand landscape is controlled by e-commerce. Technology and e-commerce are having an impact on how quickly sales transactions are finished. E-commerce affects business and the economy on a worldwide scale. The economy is impacted by e-commerce globally. The two dependent countries' economies were impacted over a longer period of time in the past, but now that e-commerce has significantly changed sales patterns, the impact is almost immediate.

**New career opportunities:** The abilities required for electronic commerce will alter, leading to a rise in need for information technology specialists. Because electronic commerce necessitates a blend of strong business applications skills and IT competence, a flexible, multi skilled workforce is needed. Professionals in hardware and software will be required in addition to the newly developed abilities required to facilitate applications and transactions in electronic commerce.

### **New Business Opportunities**

New business models based on the ubiquitous availability of information and direct consumer delivery are made possible by evolving industry structures and electronic commerce networks. As we go on to the new ones, we also observe that new business models are contemporary examples of information brokers or intermediaries. These days, some instances of this type of service include search engines or directory services, eBay, online shopping, trading, consultancy, and sites for auctions such as Yahoo and Lycos. In order to enable the safe and dependable location, transport, and integration of business information, e-

commerce requires an infrastructure. Small towns and villages have very limited e-commerce compatibility because of a lack of infrastructure.

### **Future of E-Commerce in India**

Even if e-commerce faces some serious obstacles, its future appears bright. In our country, e-commerce has already been pretty successful and popular for things like jobs, events, marriage, and travel booking. These days, clients are more at ease using the internet to make payments. Many businesses are offering a vast array of goods, ranging from laptops, mobile phones, and other technologies to cow dung plush toys. With over 1.2 billion citizens, India is a developing nation with endless prospects. The potential for growth in E-Commerce in India has attracted the interest of global giants such as Amazon and Alibaba, as well as various regional players like Flip Kart and Snapdeal. According to the digital 2016 report (2016), which is based on the global web index Q4 2015 survey, online shopping has grown from being worth roughly \$3.9 billion in 2009 to being worth \$38 billion in 2016, with an estimated \$100 billion in revenue by 2020. E-commerce will increase yearly leaps and bounds with faster delivery, enhanced payment security, and better payment methods.

### **Opportunities for E-commerce**

E-commerce hubs have evolved into a location where trade is optional. Lastly, an e-commerce hub can serve as an information specialist, providing traders and buyers with details about products and various industry players. These attributes have been reshaping the economy by impacting the behaviour of buyers and sellers. Online or conventional, e-businesses have an impact on the entire industry. It enables a far more coordinated degree of teamwork than in the past between the many components of a value chain. Selecting E-business also enables companies to save expenses and improve customer satisfaction. Companies that modernize their business practices benefit from the plethora of new possibilities that technology has made possible. The term "e-commerce" is broad and can refer to anything from online ordering and paid delivery of goods to financial transactions like money transfers between bank accounts. Financial services is one industry where e-commerce is showing some promising trends. The development of online stock exchanges was encouraged during the period of broadband diffusion.

### **Reduced Business Costs**

Since workers are not required at every location and are rarely needed for maintenance and supervision, running an internet business is less expensive. The only department that requires a team is the sales department; all other departments operate well or without problems. Furthermore, in certain circumstances where the sale is instantaneous, no storage facility is needed. This is the main reason why some prices found on the internet are less expensive than those found in traditional stores. An online store is not required to pay money or rent to maintain a physical site that draws customers. Many entrepreneurs can only handle orders on their own and not need additional staff after their business has reached a certain level of success.

**Customer Data:** Businesses gain from online buying since it makes it possible for them to collect customer data for later use. Using consumer purchase habits, statistics, and wants, businesses can offer their products more successfully.

It may be less likely that they will overstock or understock a product if they use e-commerce data analysis to forecast periods of higher or lower product demand. Enterprises may also utilize this information to streamline clients' purchasing processes.

**Business Growth:** Technology makes it easier to develop and implement your company's ideas. Lower costs allow you to showcase the products you wish to sell. Modifying the information makes it possible to address the customer. Both marketing and various lead generation tactics are easily obtainable. Openness is an important thing to remember during this process. Telling the truth to clients is essential if you want to increase income. As a result, as businesses expand, the effect of e-commerce on business becomes significant.

#### **Key Challenges of E-Commerce**

It is important to note that when it comes to internet buying, customers have constant doubts about whether or not the item they have chosen will be correct. This year, the government also received complaints from customers on a number of websites relating to e-commerce, alleging that the products were defective or that they were delivered in place of what they had ordered.

**Online Fraud:** Similarly, when people shop online, they worry about credit card or debit card fraud, money theft from bank accounts, and hacking of banking information by hackers. They think that these organizations are gathering their data, which is concerning. Additionally, some large corporations in the e-commerce space have decided to use drones to deliver items, a decision that has raised concerns from both the public and the government.

**Recognize the Target market:** E-businesses should conduct in-depth research on the needs, expectations, behaviours, and preferences of their target market before entering it. In addition, they must be aware of how local laws, ordinances, taxes, and customs may impact their e-commerce business. For instance, e-businesses may have to abide by stringent import charges, consumer rights legislation, or data protection regulations in certain nations. E-businesses can match local demand and minimize legal concerns by customizing their products, prices, promotions, and policies based on a thorough grasp of their target market.

**Choose the right platform:** Businesses can choose from a variety of methods to reach international clients by selling their goods and services online. They have the option of using a third-party marketplace, their own website, or both in tandem. Depending on the objectives, assets, and capacities of the e-business, each alternative has pros and cons of its own. For instance, e-businesses may have more control over their customer experience, data, and brand image when they use their own website, but this may also

mean higher marketing, localization, and payment system costs. However, employing a third-party marketplace may also result in higher costs, fewer profits, and less distinction while providing e-businesses with access to a sizable and well-established consumer base.

**Cyber security & Data Security:** Privacy issues are a major challenge in the E-Commerce industry. E-Commerce contains a lot of data, thus a data-related technology issue could have a negative impact on the retailer's reputation and ongoing business operations.

One of the most prominent and common problems that e-commerce businesses and their customers deal with is cyber security. These features, along with the ability to authenticate payments, are regrettably absent from a number of websites.

This may lead to a great deal of fraud and endanger the business. In addition, a lot of businesses must maintain several types of customer data, including name, address, phone number, and email address, and age.

**Changing Customer Trends:** E-commerce is without a doubt the business model that is changing and evolving the fastest. The ways in which customer patterns and market conditions are evolving serve as excellent examples of how e-commerce is affecting company.

It might be difficult to stay up, and the cost of not doing so can be high. Online, there are a ton of lists covering the latest e-commerce trends, which puts constant pressure on businesses. Still, just a few of the concepts will be relevant to you or your business.

Learn how to block out distractions so that you can concentrate on the adjustments that will have the biggest impact on your clients. Spending time with those who have similar values to your own is a wise move. Participate in socialising and business teams to network with other entrepreneurs and business executives, share knowledge, and solve issues as a group.

**Customer Loyalty:** We have a variety of options available to us these days. But maintaining a customer base is never easy, particularly for e-commerce businesses. Furthermore, brand loyalty changes depending on the status of the economy. This highlights the importance of having a strong customer loyalty programme and the effect that e-commerce has on businesses.

Common strategies to keep customers coming back include launching loyalty programmes, such as affiliate programmes, giving discounts and incentives for more purchases, and providing coupons for special events. Of course, based on your business and your intended customer base, you will select a different strategy.

#### **Conclusion**

Every industry, including business, is greatly impacted by e-commerce. It has played a significant role in the economic variables that have given India the upper hand in this sector. India's internet usage is rapidly surpassing that of other countries. E-commerce has thus had a big impact on India. E-commerce has therefore ignited an economic revolution! If you're thinking about launching an online store, we suggest contacting a professional, creative digital marketing

firm that specializes in E-Commerce administration and offers amazing WordPress website design packages.

India has a large population and one of the world's fastest growing economies, so there is undoubtedly a lot of room for e-Commerce growth there. In India, a plethora of domestic and global e-commerce sites are thriving and seeing steady growth in their customer base. The future of e-commerce in India is bright, owing to the huge middle and upper middle class that exists there. E-commerce innovations can also improve its efficiency, affordability, client focus, and appeal. It is true to say that e-Commerce will dictate future commercial trading practices.

The expansion of e-commerce in India is due to a number of causes. Even though e-commerce faces some significant obstacles, its future in India looks pretty promising. In India, e-commerce is growing as a substitute marketing medium. A growing number of people are becoming tech-savvy as education spreads. Their confidence in making payments online is growing. To boost e-commerce in the nation, all stakeholders must address a number of issues, including cyber security, payment gateway vulnerabilities, and infrastructure issues. E-commerce will be more profitable and successful if the right procedures and strategies are followed.

The country's e-commerce industry is currently valued at over \$25 billion. This company is expected to be worth about \$200 billion in ten years. The question now is: Why is this industry growing at such a rapid pace? Let us tell you that while the country's population is growing quickly, smartphone and data plans are also becoming more affordable. Not only that, but one of the other factors is the rise in network connectivity. Experts see this as a chance for the nation in light of all these factors, but the issue is that there is now no established e-commerce strategy in the nation. Given the increasing potential in this field, a clear policy from the government is required.

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