Challenges of E-Commerce in India

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Abstract— E-commerce is the important factor on internet that is used by the people. It is used mostly in online shopping which is making our lie convenient because it provides us lot of facilities at our doorstep. There is no need to go physically to find out the desired product. As it is convenient for customers but it creates a lot of challenges for e-commerce websites. These challenges affect the growth of e-commerce in India. This paper will discuss about the few challenges faced by e-commerce in India.

Keywords: Challenges, E-commerce, Growth, India, Online Shopping.

I. INTRODUCTION

E-commerce is buying and selling of goods and services over the internet. Before e-commerce buying and selling were done without internet physically in the markets but after the arrival of e-commerce in India our life has become more convenient because of its number of advantages. The advantages offered by e-commerce are online shopping of anything at any time and at any place, customers can find the products on e-commerce websites which is no available in physical markets, it reduces cost and time, without stepping out from home we can get our product at home [1]. Along with e-commerce there is also a popular tem called e-business due to which the business of enterprises has increased electronically with the help of internet by which they can reach to many customers which increases their sales. There is no specific definition of the terms E- commerce and E-business, they are used interchangeably. In fact, E-commerce is a part of E-business which focuses on external activities while E-business focuses on both internal and external activities of a business. E-commerce has a lot of good and bad impacts on different areas. The key of having a successful e-commerce is to reduce the negative impacts and increase the benefits at the same time [2]. As E-commerce gives a lot of advantages to the customers still in India e-commerce is usually not used according t western countries. The e-commerce websites bear more loss than the revenues. People do not know much about internet and its benefits because it is not reachable in rural areas and India has a wide area in rural areas. Due to this here internet usage is less that's why it creates difficulty for the e-commerce websites to grow further. Payment Gateways are poor and does not offer secure transactions and as well as gets fail a lot of time due to which customers do not use internet for shopping [3]. We will discuss about these challenges as well as more challenges which affect the growth of e-commerce and how can it be resolved now and in future. Section II describes the challenges in e-commerce in India.

II. CHALLENGES

The following challenges are there along with e-commerce which is faced by e-commerce websites in India which lead to slow down their growth and create losses for them more than the revenues.

A. Customers usually return and replace the products that they buy online

New customers are those customers which increases the growth in E-commerce websites. But as a new customer they do not know what actually they are expecting from the online websites and just to try the online shopping they purchase a product and after the delivery they return it back to the online websites. It costs a lot to the company because of the shipping and return charges, refund facility which create an overall loss for them in costs as well as in reputation.

B. The preferred mode of payment is mostly Cash On Delivery

Most of the customers of this type of websites prefer to pay cash on the delivery of product which is because of the low usage of credit cards and low trust among customers for online transactions. Cash on delivery is risky and expensive mode for these websites. Also, 30-50% customers refuse to pay the cash as well as courier companies gives the money late and also takes extra commissions.

C. Failure of Payment Gateways

Customers who use online payment gateways to pay for the product finds failure in the transaction process and this failure make the customer not to buy the product. It leads to loss in the customer as well in revenues and growth.

D. Low Internet penetration in India

The internet penetration in India is very low as compared to the western countries like US and China. Even if the internet penetration is growing the connectivity of internet is still poor in India due to which many people does not use internet for shopping.

E. The usage of feature phones are more than smart phones

In India the mobile phone users are a lot but still majority of the people uses the feature phone not the smart phone due to different factors like less awareness, high cost etc. Due to usage of feature phones they are unable to access e-commerce websites on the move [4].

F. Absence of Cyber Laws

In India there is not any cyber law to deal with the online transactions. Information Technology Act only deals with Commercial and criminal cases. This lead to risk and fraud in online transactions.

G. Shipping challenges

Due to lack of supply chain integration, high delivery charges, more time taken to deliver product and poor courier services makes customers frustrated and unhappy due to which they do not shop again from internet.

H. Customer services

Retailers in E-marketing focuses on the performance and display of their websites to attract new customers but relationships with existing customers are not taken in consideration and no proper assistance is given to them which lead to loss in valuable customers.

I. Incorrect postal address

Customers write the postal address which is given to the courier companies but that is not sufficient to find the exact location of the customer and the delivery man needs to call the customer for his location which leads to inaccessible address and delay in the delivery. Sometimes delivery man does not able to find the location and returns back and come again for delivery which leads to extra charges to the company.

J. Touch and feel factors

In India customers believes in the shopping done physically. They focus on the touch and feel factor to purchase a product and that makes them feel satisfied with the product. Jewelleries, handicrafts are the products which faces the problem of see and touch. Customers do not prefer to buy these products online. Due to this they mainly prefer to book tickets online mostly [5].

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K. Less awareness

In India many customers do not have a lot of knowledge about internet and its benefits. They don't even know the use of debit and credit cards that's why they do not prefer online shopping.

L. Consumer psyche

If the consumer is able to find the desired product in the nearest store then he will not find the product over internet due to poor connectivity, risky transactions and etc. which is not faced by them in nearest store [6].

M. Privacy and Security Issues

E-commerce websites does not use a good antivirus and firewalls to protect their websites which lead to access of personal information of the customers and can be misused [7].
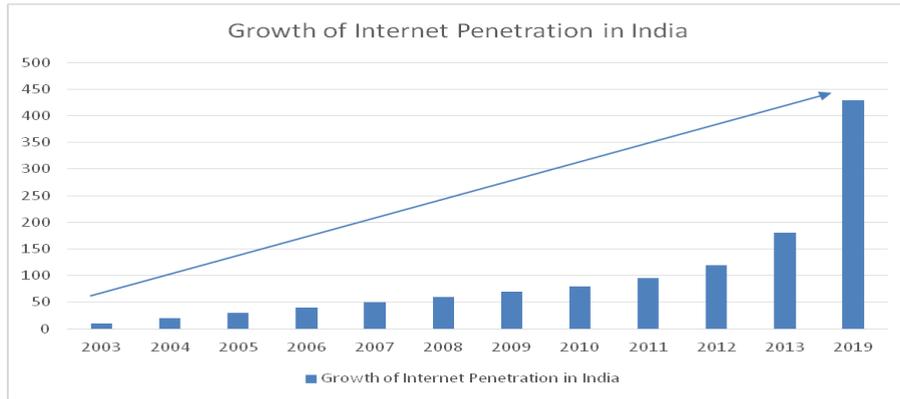

Fig. 1: Growth of Internet Penetration in India.

This figure shows the increase in internet usage in India. This growth will resolve many challenges facing by current e-commerce in India and will lead it to grow further.
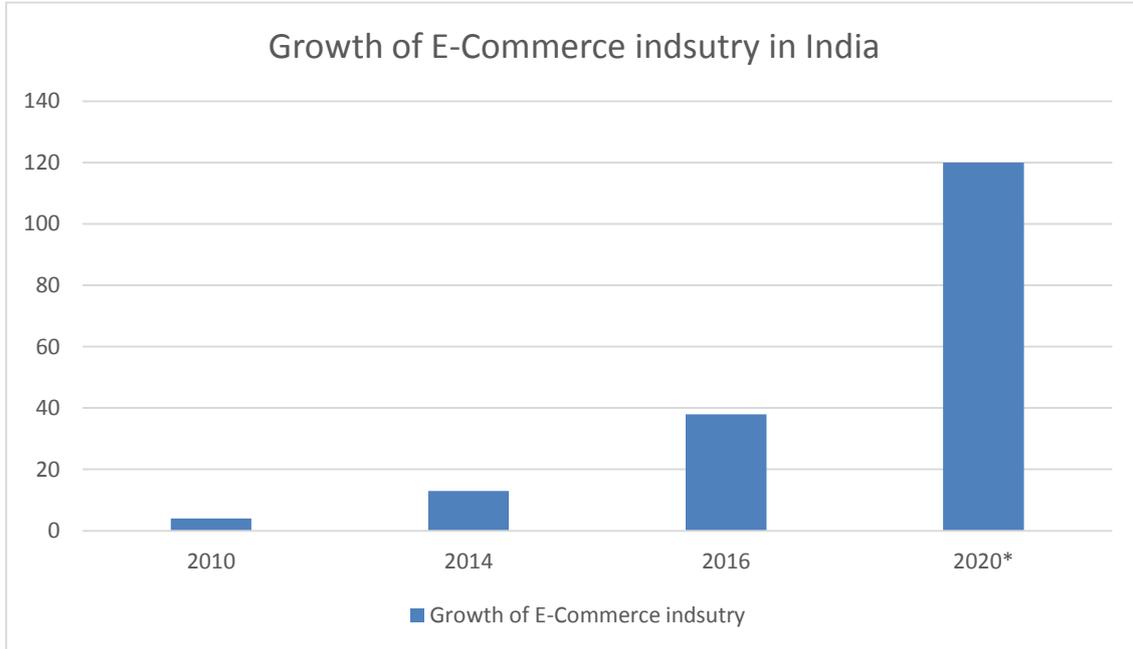

Fig. 2: Growth of E-commerce Industry in India.

This graph shows the total growth of e-commerce now and in future in terms of dollars which will get increase more and more due to the growth in internet penetration in India.

III. CONCLUSIONS

This paper concludes that E-commerce websites are the emerging websites in India which is growing day by day but along with that it is facing a lot of challenges like Cash on Delivery mode preference, low internet penetration, privacy issues, absence of cyber loss etc. But e-commerce is now solving these challenges together to grow more and to cut –off their losses. Internet penetration is growing day by day. Cash on delivery is replacing by mobile wallets like Paytm by customers as it gives secure transaction, the rate of smart phones are getting decrease so people can afford them, Payment gateways are improving to reduce the failure. Cyber laws against fraud in online transactions are going to introduce. Courier services are getting better. These solutions will lead to reduction in these challenges and will allow e-commerce to grow more in future.

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