

A STUDY OF ELECTRONIC COMMERCE IN THE INDIAN MARKET AND ITS BENEFITS AND CHALLENGES

Chitra Rani*

PRT, GMSSSS, Sector 26 Panchkula, Haryana, India

Email ID: chitraranigps100@gmail.com

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Abstract

The state of the economy on a worldwide scale has undergone a change. All types of companies have transitioned into information-based organisations as a direct result of the widespread usage of the internet. The emergence of e-commerce has resulted in massive economic disruption that has permeated every area of the economy. This is mostly attributable to the exponential rise of technology. The introduction of the Internet brought about a significant expansion in the scope of opportunities available to enterprises. Companies, corporations, customers, and internal departments now have access to a vastly increased number of business data, which can be analysed and used by these entities. This rise has been made possible by advances in network technology. You can't overlook the information-based virtual value chains when thinking about the operations of your organisation or the plan for the long-term future of your business. The article discussed many different aspects of electronic commerce in the Indian market, such as its relevance, the technologies that make it possible, the benefits, the obstacles, and the potential.

Paper Identification



*Corresponding Author

Introduction

Organisational practises are being modified as a result of the combined effects of globalisation and IT. Almost without exception, businesses who have put significant resources into developing their IT infrastructure have already established and integrated their IT system. Use of electronic commerce (EC) to conduct business-related transactions is a growing area of interest. Many businesses have made it a top priority. To improve their global strategic capabilities, organisations can use EC to link "Just in Time production" and "Just in Time" with their trading partners. The definition of EC is controversial. When considering EC from the perspective of communications, it can stand for anything from data to services to purchases made over the phone or the Internet. EC implements software to streamline business processes like financial transactions and employee tasks. From the perspective

of the service provider, EC can help reduce service costs, increase product efficiency, and speed up service delivery, satisfying the needs of businesses, their clients, and their superiors. EC provides an online perspective on shopping and distribution for the Internet and other online services. Popularity and rapid growth of Internet and network technology have helped propel the electronic industry to the forefront of today's business landscape. These days, major corporations conduct their business entirely online. The ability to buy and sell goods and services online depends on the availability of internet infrastructure.

Electronic commerce is defined and its significance in today's economy are discussed in this review article. It also covered the many e-commerce areas and the organisations that help them thrive. In addition to the positives, e-commerce also has a few drawbacks that will be covered below. In the next parts, we'll talk about where this trend in Indian e-commerce is headed.

E-commerce and its significance

E-commerce, or electronic commerce, refers to the buying and selling of goods, services, and information over the internet. It has revolutionized the way businesses operate and interact with customers, creating a profound impact on the global economy. The importance of e-commerce can be attributed to several key factors:

1. **Global Reach:** Through the use of e-commerce, businesses are able to overcome geographic barriers and connect with clients all over the world. It gets rid of the restrictions that come with having physical stores, making it possible for businesses to reach customers all over the world and enormously increasing their market reach.
2. **Increased Convenience:** Businesses and customers alike can benefit from the incredible convenience that e-commerce provides. Customers can search for, evaluate side-by-side, and make purchases of goods or

services at any time, from any location, using their personal computers or portable electronic devices. Customers benefit from an incredible degree of convenience and flexibility thanks to this accessibility, which ultimately leads to increased levels of customer satisfaction and loyalty.

3. **Cost Efficiency:** E-commerce has enabled a huge reduction in the overhead expenses experienced by conventional "brick-and-mortar" enterprises. The costs that are associated with maintaining physical stores, including as rent, utilities, and staffing, are no longer necessary for businesses. E-commerce also simplifies a variety of procedures, such as inventory management, order fulfilment, and customer assistance, which results in cost reductions and enhanced operational efficiency.
4. **Enhanced Customer Experience:** EBusinesses now have the ability, thanks to e-commerce, to personalise and customise the purchasing experience for each unique customer. Businesses are able to deliver personalised product recommendations, targeted promotions, and a smooth shopping journey through the analysis of consumer data and by analysing the behaviour of their customers. This personalised approach not only increases customer happiness but also helps to cultivate long-term relationships with customers.
5. **Access to Business Information:** E-commerce makes it easier for businesses, their consumers, and the many departments within an organisation to collect and share massive volumes of business information with one another. This accessibility to data enables organisations to make decisions based on the data, get insights into the preferences of

customers and trends in the market, and optimise their plans in accordance with these findings.

6. **Competitive Advantage:** Businesses can get a competitive advantage in the market by embracing e-commerce as a means of conducting business. It gives businesses the ability to differentiate themselves by providing customers with one-of-a-kind online experiences, creative business models, and flexible operations. Businesses have the opportunity to beat their rivals and take a larger piece of the market if they successfully leverage technology and remain on top of emerging digital trends.
7. **Scalability and Flexibility:** E-commerce provides scalability and flexibility, enabling firms to modify their operations in response to shifting dynamics in the market and evolving requirements from customers. Online platforms are able to readily accept a wider variety of product options, manage a rise in traffic, and interface with applications developed by third parties. Because of this scalability, organisations are able to rapidly expand their operations and take advantage of new opportunities.

E-commerce Facilitators

The purchasing and selling of goods, services, and information over the internet is referred to as "e-commerce," which is short for "electronic commerce." It has had a major effect on economies all around the world as a result of the dramatic changes it has brought about in the way businesses function and connect with their clients. The significance of online business can be ascribed to a number of important elements, including the following:

1. **Global Reach:** Through the use of e-commerce, businesses are able to overcome

geographic barriers and connect with clients all over the world. It gets rid of the restrictions that come with having physical stores, making it possible for businesses to reach customers all over the world and enormously increasing their market reach.

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Types of E – commerce Business



Figure 1 Types of e-commerce

There are several types of e-commerce, each catering to different business models and types of transactions. The main types of e-commerce include:

1. **Business-to-Consumer (B2C):** Direct business-to-consumer trade is the most popular kind of e-commerce and involves companies selling their wares or services to customers on an individual basis. Examples of this type of business include online retail stores such as Amazon and eBay, where customers can purchase things straight from the seller's website.
2. **Business-to-Business (B2B):** Transactions between businesses are what are known as "B2B" e-commerce. It is a term used to describe the transaction of goods, services, or information between two or more businesses that takes place online. E-commerce systems designed for business-to-business interactions make it easier for companies to complete transactions such as bulk purchasing, supply chain management, and joint ventures.
3. **Consumer-to-Consumer (C2C):** Transactions between individual customers are what are involved in C2C, or consumer-to-consumer, e-commerce. Individuals now have the ability to buy and sell goods and services directly to other individuals through the use of online marketplaces such as Etsy and Craigslist. These platforms make it possible for individuals to participate in both the buying and selling capacities simultaneously.
4. **Consumer-to-Business (C2B):** C2B e-commerce takes place when private individuals sell their goods or

services to commercial enterprises. Freelancers, consultants, or influencers who supply their expertise or sell their skills directly to companies are examples of those who fall into this category. Examples of such venues are Upwork and Fiverr, both of which allow independent contractors to provide their expertise and services to corporate clients.

5. Business-to-Government (B2G): The term "B2G e-commerce" refers to online transactions that take place between private companies and public institutions. It encompasses the procurement processes of the government, in which private companies compete for government contracts or offer goods and services to governmental organisations. These transactions can be made easier through the use of online portals or platforms.

6. Government-to-Business (G2B): Transactions that take place online between businesses and government organisations or bodies are referred to as "G2B e-commerce." It covers services such as licencing, permits, and tax filing for businesses, all of which take place on online platforms and include interaction between enterprises and government authorities.

E-Commerce Potential In The Modern Market

The development of the Internet and the World Wide Web has diminished the number of distinct worldwide marketplaces. Because of their proximity to the rest of the world, South Pacific countries have experienced shorter trading cycles and lower transaction costs. In principle, South Pacific nations will be able to enter these burgeoning consumer markets. Despite the recent demise of some dot-com corporations, online purchasing provides real opportunity for small businesses in underdeveloped countries. The Internet and digital cameras have made it possible for artisans to market their crafts directly to consumers. It remains to be seen if the reduction in transaction costs generated by the internet is sufficient to force a widespread transformation within the global economy, despite the fact that electronic business seems

particularly promising for small-scale producers who meet difficulty entering international markets.

There are now many more places where the new fad of online shopping can be experienced. In addition to being hyper-local and utilising AI, today's internet marketplace also provides services like goods and services tax (GST) compliance and short-term loans. Rapid technological advancement has the potential to drastically alter consumers' viewpoints in the near future. Improved customer service throughout the Internet of Things, data processing, logistics, artificial intelligence, personalization, and hyper-localization will surely be at the forefront of the next wave of e-commerce developments. Get ahead in the coming years by investigating online shopping's potential in both mature and emerging economies.

E-Commerce Benefits

The convenience of being able to use the service from anywhere in the world is just a bonus for customers, who stand to save a great deal of time and energy as a result. The order can be submitted anytime is most convenient for the customer. Customers mostly profit from internet shopping because:

- Stock exchange members benefit from lower trading fees.
- Increased convenience; no need to set aside time to visit the store during regular business hours to make a purchase.
- Spend less time shopping and more time doing what you want to do when you buy or sell anything online.
- The user can search details across many pages with the push of a button, giving them quick and easy access to data.
- The convenience of making purchases and conducting business without leaving the house or the workplace is a boon to business.
- If the service is poor, customers can easily switch to a competitor.

- Customers now have access to a bigger product selection than ever before, despite the fact that it was previously unavailable on either the regional or national market.
- Before making a purchasing decision, consumers often leave reviews and ratings on products they've used.

From the perspective of retailers, the primary benefit of e-commerce is increased revenues and reduced operating and maintenance costs thanks to the Internet.

These should be included:

- It's a boon for making money.
- Significantly lowers operating and upkeep expenses
- Spending on buying things and getting supplies is decreased.
- It's a great tool for retaining and attracting new customers.
- Costs associated with product transit can be cut drastically.
- The customer-supplier relationship needs to be strengthened and developed.
- It's a great tool for speeding up the sales cycle.
- Improve communication both inside and outside of the organisation.
- It's a great way to boost your company's or product's profile.

E-commerce Challenges

E-commerce, like other technology, has its share of problems. Both buyers and sellers using the internet as a sales channel confront these difficulties. The following are examples of some of these difficulties:

1. While private and public sector businesses have been expanding, the e-commerce market has not. The growth of the e-commerce sector will require joint efforts from the public and private sectors. The reputation required for

online success can be gained through collaborative efforts.

2. There is a lack of safeguards for the system, dependability, unique needs, and certain communication methods. If an online store is hacked, the customer will likely lose any money he has made there. Cybersecurity is the number one issue plaguing online shops.
3. To date, banks and other financial institutions in wealthy countries have been hesitant to actively assist the e-commerce business. However, banks' help is necessary for merchants to increase the reach and popularity of e-commerce and to reduce losses from theft and credit card fraud. But outside of their payment card strategy, in places where standard credit card generation is not an option, banks and other financial sector intermediaries face threats from less secure but more efficient methods of making online purchases.
4. A lack of infrastructure in network infrastructure makes it difficult for e-commerce to flourish in developing countries, where the norm is to purchase items through haggling with vendors.
5. The need to lower internet costs is a major obstacle. The authorities are making a concerted effort to keep bandwidth prices low. However, due to increasing network delivery and servicing expenses, the internet does not remain inexpensive.
6. The most important consideration is confidence in digital transactions. Accurate and legitimate e-commerce transactions may be made possible with the help of a standard paper on Baseline Laws and Rules. Modern legislation and fairness in electronic transactions are the foundations upon which

trust in the developed world rests. There is a negative impact, actual or imagined, from laws and the legal system that do not explicitly encompass e-commerce-based transactions. Payment via cheque or credit card is not widely accepted in many wealthy countries, making cash delivery the most common method.

7. The legal characterization, permission, and authorisation are essential for contemporary transaction processes, novel instruments, and novel service providers. For instance, it's crucial to clarify the role of handwritten signatures and the nature of electronic signatures. It is possible to examine such recently enacted legal concepts as the "banking" word and the "domestic border."

Many other difficulties, not mentioned above, plagued the developing world's burgeoning economies:

Insufficiently educated

- Traditions and customs that span the globe
- Poor online marketing foundation.
- There should be less advertising.
- Questions of politics
- Pricey goods and services compared to the standard market
- There is less online news coverage.
- The country as a whole has a communication problem.
- There are less reputable companies and businesses in the world.
- The absence of a direct exchange between the seller and the buyer

E-Commerce Trends in India

Customers have more options in terms of when, where, and how much they may learn about a product, seller, and alternatives when they shop online. Internet shopping has revolutionised the retail industry. Thanks

to the convenience of internet shopping, even perishable items like groceries can be purchased in advance and delivered to your door. Buyers from all over the world have jumped at these opportunities. The advent of e-commerce has influenced every area of business, from product creation to customer service. Businesses can utilise this information in a variety of ways to get closer to and better serve their customers, including online advertising and marketing, online order fulfilment, and online customer service. There is a limited time left to take advantage of Internet purchasing. The costs of handling orders and communicating with a wide variety of suppliers and trading partners are often reflected in the final cost of a product or service. The potential benefits of e-commerce for India and other developing countries are enormous. Even the most pessimistic forecasts show that India will have a prosperous technological future, and the country is only getting started. The number of businesses that offer goods and services via the internet has increased in recent years. Large Indian websites have begun to prioritise e-commerce over advertising revenue.

You can acquire flowers, greeting cards, movie tickets, grocery stores, mobile devices, machinery, and so much more just about anywhere you go now. Due to the rise of online shopping, even cow poop patties are flying off the shelves. When compared to the \$23 billion in sales the industry saw in 2015, ASSOCHAM predicts that the Indian e-commerce business would reach \$38 billion in 2016. Businesses now have a chance to reach their target audience that was previously impossible because to favourable demographics, the general acceptance of online buying, and the surge in internet and smartphone usage. However, the rapid growth of m-commerce proves that it is a secure and helpful alternative to online shopping. Online shopping on one's mobile device is a game-changer. Potentially as much as 70% of sales might come from mobile devices.

Conclusion

in conclusion, e-commerce will grow to become a major industry in its own right in the next decades. The transaction business has benefited greatly from the revolution in electronic commerce because of the rapid availability of new markets and the elimination of geographical boundaries. It has far-reaching effects on the established global market system and made it feasible to better people's lives. Although it benefits both buyers and sellers, e-commerce creates difficulties for established companies. When compared to developed nations, emerging nations present a number of obstacles that hinder the efficient operation of e-commerce. Low Internet costs encourage rapid growth in online shopping at the expense of traditional businesses. One of the main benefits of internet commerce for customers is the increased convenience of making purchases. This is due to the fact that shoppers with internet connection can place orders regardless of their physical location. E-commerce services provided by a company that are simple to use and accept a variety of payment methods are invaluable to modern consumers. Increases in regional coverage and product availability are two further benefits. However, there are several obstacles that e-commerce businesses must overcome as they grow.

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