

# Future of e-Commerce in India: Innovations and Challenges

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## **Abstract**

*Internet has become an integral part of growing urban Indian population. Various factors have been driving this trend like change in life style, increase in the number of smart phone users, high internet penetration level, cheap internet subscription price, etc. In last two years India has seen the exceptional growth in e-Commerce which has changed the shopping experience of customer. Retail environment is now highly influenced by new digital models which are becoming more conventional. At the same time, in developing nation like India e-Commerce companies face many challenges due to low literacy level, privacy and security issues, urban-rural division, language issues, lack of proper distribution channels, etc. This paper gives an overview of the future of e-Commerce in India and discusses the innovations which will help in the growth of e-Commerce in India. And represent the various challenges in the e-Commerce eco system. In this paper we found that the overall e-Commerce will increase exponentially in coming years in emerging market of India.*

## **Introduction**

e-Commerce or electronic commerce, deals with the buying and selling of goods and services, or the transmitting of funds or data, over an electronic platform, mainly the internet. These business transactions are categorised into either business-to-business (B2B), business-to-consumer (B2C), consumer-to-consumer (C2C), consumer-to-business (C2B) or the recently evolved business-to-business-to-consumer (B2B2C). e-Commerce processes are conducted using applications, such as email, fax, online catalogues and shopping carts, electronic data interchange (EDI), file transfer protocol and web services and e-newsletters to subscribers. e-Travel is the most popular form of e-Commerce, followed by e-Tail which essentially means selling of retail goods on the internet conducted by the B2C category. The home grown players have shown tremendous growth and attracted some big investors. The entry of global biggies like Amazon and Alibaba has taken the competition to a new level. e-tailers are differentiating themselves by providing innovative service offerings like one-day delivery, 30-day replacement warranty, cash on delivery (CoD),

cashback offers, mobile wallets, etc. The supply chain has improved significantly and e-tailers are even leveraging on the services of Indian Post for greater reach across the country. In 2014, Indian Post collected 2.8 billion through CoD option of payment.

### **1.1 Key drivers in Indian e-commerce are:**

- a) Increase in the number of broadband subscribers and advancement in telephony technology like 3G and 4G.
- b) India is going to be the world's second largest smartphone user base country.
- c) Change in standard of living and mentality of citizens.
- d) Availability of wider range of products in comparison to brick and mortar retailers.
- e) Heavy discounts and lower price as compared to brick and mortar retail due to elimination of intermediaries, lower inventory and cut in real estate cost.
- f) Consumers are using online classified sites to buy and sell second-hand goods
- g) Evolution of many startups like Jabong.com, Saavn, Makemytrip, Bookmyshow, Zomato etc.