



Seminar on E-business in India: Issues and Challenges

The seminar on “*E-Businesses in India: Issues and Challenges*” organised by CUTS Institute for Regulation & Competition at 1800 hours on 26th June 2015 at India International, New Delhi was part of our project entitled “*Constraints To Growth Of Micro, Small And Medium Online Businesses In India*”. The seminar was attended by several researchers, policy analysts and industry experts. The participants shared their views and we had a very fruitful dialogue on the issues and concerns in the e-business sector in India.



As you know online business in India has enjoyed phenomenal growth in last five years and the trend of online marketing is set to see greater heights in coming years. This has changed the face of business at national and international level. Due to this, several big players who were restricting themselves to the side line are now taking a keen interest in the online business. Among the Indian online business houses there is competition to attract investors to invest in their company. However, there are several questions surrounding the growth of the online business model by small online business houses due to increased competition with the entry of global players. In this sector small and medium business face stiff competition in the growing market and investments. Although it is easy for any aspiring entrepreneurs to launch an online business but it is very difficult to grow in the increasing competitive environment. In this context, the study was specifically designed to understand these challenges especially the barriers to growth and innovation in micro, small and medium online business in India. The study found that small online business in India experience several challenges in terms of investments, finding skilled human resources and competitive advertising. In addition, these small online

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firms are also face challenges due to rigid and complex regulatory environment. Despite of these challenges, Indian e-commerce market is growing significantly. It has also delivered the promise of economic growth as well as large scale employment opportunity in long run. However, for a sustain growth in this sector there should be an effort to provide enabling legal and regulatory environment that support these new small e-commerce firms to scale up their business. The basic goal of regulatory reform should be to create a stable, open and future proof environment that encourages confidence in the e-business sector. The study found that there is a need of clear and transparent governance structure. In addition, there is also need to focus on the ease of market entry of the start-up, promoting business confidence and clarity, enhancing transactional enforceability and protecting intellectual property and consumer rights. Apart from that, for the potential benefits there is a need to create right environment by addressing different areas like infrastructure, human resources, the legal framework, taxation and local content in a coherent manner. There is also need of look at the alternative investment platform for the internet start-ups, relaxing some key requirements to encourage them to list in the stoke exchange at home. From a growth perspective, e-business firms also have to work for the organisational scaling, apart from these policies and regulatory measures. In addition, the small companies have to comply with several laws, many of which are still evolving.



The panel discussion on the above issue highlighted several issues in the growth of the small e-business firms. There were four panellists in the session and they shared their views from the industry as well as customers perspective. Ashish Chandra, General Counsel, Snapdeal shared his concerns about the regulatory environment in online business and said that over regulation can be harmful for the growth of the online business industry. He emphasised on the self regulation and responsible behaviour of the online industry is necessary for the growth of this sector. He also underlined that if some regulation has to come in e-commerce industry, it should be to make the industry easy to function. Multiple

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stakeholders should come together, instead of burdening the government authority to impose multiple regulations. However, Mr. Gautam Shahi, Senior Associate, J. Sagar and Associates, emphasized on the regulatory aspect in this area and pointed out several concerns specifically on the area of competition law. He said that there is a need of clear regulation and we cannot expect market to self regulated itself for the benefit of the consumer. Third speaker of the session Mr. Pradip Kathuria, MD, Track Manufacturing Co. Pvt. Ltd spoke from the perspective of an online entrepreneur. He mentioned that doing online business is not as easy as it looks from outside. There are several challenges they face due to lack of infrastructure and lack of awareness of inter-state as well as international sales and excise tax laws. He also said that several times the products in other countries do not research to the customers in time because late of excise clearances. He mentioned about the consequences of the customer feedback and shared some of his experience in this regard. He also mentioned there is a need of a nodal agency to address issues of e-business in the market. Last speaker of the session Dr S Shantha Kumar, Dean, Faculty of Law, SGT University shared his views on online business from a customer points of view. He has also shared some of his experiences on the customer feedback systems as well as service delivery mechanism. In addition, he also emphasized on the need of regulation to protect both online entrepreneurs as well as consumers. Finally, the panel discussion ended with the vote of thanks by Mr. Arun Talwar, COO, CIRC.

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