

## Challenges to E-Commerce Regime

### What is the issue?

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- There are increased policy efforts in recent times to create a facilitative ecosystem for e-commerce.

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- However, there are many challenges in their implementation, without creating a regulatory framework.

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### What is the emerging need?

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- Indian e-commerce segment has grown significantly over the last 5 years.

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- It is being largely driven by retail, financial services, travel, recruitment and digital content.

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- It can potentially reach \$120-billion market size by 2022.

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- Indian policy makers need to ensure that this growth is sustainable.

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- It should be ensured that it does not lead to abuse of market power by firms in dominant position.

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- It must also be ensured that the consumers are adequately protected.

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### What are the challenges?

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- **Consumers** - Unlike an offline world, e-commerce consumers may not be able to check the products or services they purchase.  
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- So they may be more susceptible to frauds and face greater challenges in obtaining redress.  
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- **Pricing** - In some areas, e-commerce is throwing up business models which are completely new.  
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- E.g. the taxi and hotel aggregator model  
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- The dynamic pricing regime is purely technology-enabled.  
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- These have made the traditional regulatory models of tariff regulations outdated.  
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- **Banks** - In fintech, proliferation of non-bank payments have revolutionised the payments industry.  
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- But it threatens to reduce banks' importance by making them containers where money is stored.  
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- **Dynamism** - India is currently a globally preferred location for innovation and co-creation.  
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- But a 'protectionist' approach will only set India back from the strong position.  
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- As, in the age of innovation and co-creation, business models are becoming obsolete before they mature.  
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- **Policy** - These developments have heightened the competitive concerns and challenges.  
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- They have brought out new risks for the regulators and the government.  
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- The other macro challenges include access to internet in remote areas, local language content, etc.  
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**What is the way forward?**

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- There is a need for a risk-based template to address these emerging challenges.
  - The traditional regulations have to be reworked and reformed for the new e-commerce models.
  - There must be efforts on strengthening the capacity of the Competition Commission of India where needed.
  - The Centre must enable an ecosystem where start-ups and SMEs are nurtured online.
  - The [draft e-commerce policy](#) has many positive recommendations for enabling SMEs.
  - But many other recommendations need to be debated and aligned with existing laws.
  - Government also has to focus on data centre and cloud infrastructure.
  - It should also pay due attention to strengthening consumer protection.
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**Source: BusinessLine**

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