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 from 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- These have made the traditional regulatory models of tariff regulations outdated.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.
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- The traditional regulations have to be reworked and reformed for the new e-commerce models.
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- There must be efforts on strengthening the capacity of the Competition Commission of India where needed.
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- The Centre must enable an ecosystem where start-ups and SMEs are nurtured online.
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- The draft e-commerce policy has many positive recommendations for enabling SMEs.
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- But many other recommendations need to be debated and aligned with existing laws.
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- Government also has to focus on data centre and cloud infrastructure.
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- It should also pay due attention to strengthening consumer protection.
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Source: BusinessLine

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