

Setting Up An E-Commerce Company In India

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Current scenario of the Indian E-commerce landscape

India has experienced a sharp increase in online e-commerce activity in recent years as a result of the tremendous rise in internet usage. In the past decade, E-commerce online business in India steadily transformed the conduct of business and changed the global commercial landscape. For most companies, their continued success is a result of their market expertise and availability of a variety of features. E-commerce online business in India refers to the sale of commodities and providing services via an online transaction, and it offers customers numerous advantages like reduced prices, more options, and reduced effort.

By using the Internet, mobile phones, tablets and electronic payment mechanisms, E-commerce businesses in India and over the world enable commercial transactions to be completed within seconds.

A structure that combines revenue creation and those that centre on buying and selling products and services to make money is referred to as a registered e-commerce business in India. Registered e-commerce businesses in India perform a variety of responsibilities, such as generating demand for goods and services, assisting with sales and customer support, and facilitating communication between business partners.

The rapid expansion of Flipkart and Snapdeal.com, Licious, Rapido and Zepto demonstrates that the Indian consumer market has gained traction in purchasing goods and services online thereby boosting investor confidence in such companies and formulating examples to showcase how to start an e-commerce business in India. While e-commerce has advanced significantly in nations like the United States and China generating a sale of over United States Dollars ("USD") 150 billion, India's registered e-commerce business

sector can be described at a nascent stage.

Since 1995, India experiencing growth in B2B ("Business to Business") sectors, matrimony websites, job search directories, and online retailing services. However, several factors, including low Internet penetration, sluggish Internet connection, the small user base for online shopping, inadequate logistics infrastructure, low consumer acceptance of e-commerce, and the absence of a transparent revenue model, prevented companies in their nascent stage and reaching out to a larger audience.

Numerous start-ups which entered the Indian e-commerce industry in 2007 have penetrated the consumer market to a great extent and resolved the unknown fear of how to start to set up an e-commerce business in India. E-commerce companies such as Snapdeal, Myntra, Infibeam, and Flipkart through their websites have attracted clients by employing a strict marketing strategy and providing services like daily deal discounts and group shopping. Incentives like steep discounts were given to encourage and increase consumer engagement. With expected revenues of roughly USD \$16.4 billion, of which USD \$3.5 billion came from e-tail, 2014 ended up being one of the most crucial years for the Indian e-commerce business.

Setting up an e-commerce company in India

The size and expansion prospects of the e-commerce sector go far beyond India's national borders. As of 2022, several government initiatives like 'Digital India' led to an increase by almost half of India's access to the Internet, and by 2025, that figure is expected to exceed 75% of Indians. The number of legal problems has increased along with the number of users. However, a number of startups have based their operation on e-commerce platforms solely because of their user-friendly nature. Although there are few entrance and exit obstacles in the e-commerce sector than in traditional businesses, in the coming years e-commerce may lead to the replacement of traditional businesses to a large extent.

KSK's assistance in setting up an e-commerce Company

As a full-service law firm, King Stubb and Kasiva ensure that all the prerequisites to start an E-commerce business in India are adhered to from the documentation and legal compliance perspective. The firm has various teams of experts who assist businesses in a wide array of activities such as:

1. Acquiring Licenses and regulatory approvals
2. Due Diligence;
3. Dispute resolution;
4. Data protection;
5. Drafting and vetting agreements and other documents;
6. Ensuring compliance;
7. Enforcement of Intellectual Protection rights; and
8. Legal advisory and strategy development.

Steps to set-up an e-commerce business in India

The nation peaked at USD 74.7 billion in e-commerce-related revenues in 2020. To encourage the use of e-commerce, businesses like Flipkart, Amazon, Myntra, Zomato, BigBasket, and many more are investing in cash and labour. These investments are assisting the continuous growth of the e-commerce sector. The nation reported almost two hundred million internet customers in 2020 and one of the main drivers for this rise in numbers is the government's policies supporting domestic manufacturing and encouraging more and more people to pursue their entrepreneurial goals. Set out below are certain pointers

examining how to set up an e-commerce business in India in 2022:

Step 1: Determining a feasible business model

With respect to 'How to start an e-commerce business in India'—the first step would be to create an e-commerce company plan and finalise the business model. The selected business strategy will depend on the kind of online store one plans to launch. Depending on the budget, one can select between a single vendor and a multi-vendor store. It is also interesting to note that e-commerce business models have the benefit of giving customers a sense of sales stability. The second benefit is avoiding a supply chain disruption brought on by shifting demand in the event that one of the suppliers is unable to sell their products.

Step 2: Building a Brand

Along with the brand name, one should develop a finalised design for the logo to ensure it is succinct, simple to remember, and conveys the business of the company. Upon finalizing the company name and logo, the following step is to create the brand. There are four different sorts of business structures in India:

- Sole Proprietorship;
- One-Person Company;
- Limited Liability Partnership; and
- Private Limited Company.

Step 3: Register the E-commerce Business in India

The following step is registering and finishing all legal requirements to start an e-commerce firm in India.

- Download the DIN application form (DIN3) from the Ministry of Corporate Affairs' official website or apply online by attaching and uploading the necessary paperwork.
- Ensure the Permanent Account Number (PAN) and Digital Signature Certificate are on hand.
- Once you have your DIN, you may ask the Registrar of Companies (ROC) to see if the company name you want is available. If you want to confirm that the name you have selected is available, you may also visit the Ministry of Corporate Affairs' official website.
- The company will be incorporated within six months of the approval of its name. The company name may also be renewed for a cost.
- Obtain the Professional Tax certification, the Shops and Establishments Licence (needed for payment gateway integration), and the Goods and Services Tax (GST) certification (PT).
- Employees' State Insurance Corporation (SIC) accounts should be established to provide medical insurance for the employees, Provident Fund (PF) accounts should be opened with the appropriate Provident Fund (PF) Organization, and your business should then submit an application for registration under the Companies Act, 2013.

Step 4: Open an Account with a Bank

Once the company has been registered under the Act, it must open a bank account immediately. Banks might accept the opening of this bank account, but it must be done so under the legal name of the business. If one is running their business as a sole proprietorship, one must register for GST for their internet business. After that, one can open a business bank account in the company's name. One may list their products on the e-commerce website and set up the payment gateway.

Step 5: How to Create the E-Commerce Website

Typically, using a pre-built platform is less practical than building a website from scratch. Every option offers unique advantages. A pre-built platform, like Easebuzz Webstore, WordPress, or Wix, could be used because they provide ready-made themes based on the kind of online business one is running. As opposed to building this website from scratch, one may customise the pre-made template for their design and include all the essential information, saving time and resources. Some of the most popular choices for developing websites for e-commerce businesses include WooCommerce, Magento, Shopify, Zepto, and Kart Rocket.

Step 6: Payment Gateway Set-up for the E-commerce Business in India

E-commerce Payment Gateway allows web servers and clients to transact over the e-commerce website. Selecting a payment gateway that will enable one's e-commerce website to accept debit or credit cards, net banking, and cash card transactions is necessary for an online business to become lucrative. The following documents are required in order to apply for an e-commerce payment gateway:

- A bank account in the name of the business.
- A PAN card for business.
- Certificate of Incorporation.
- Memorandum of Association.
- Article of Association.
- Proof of Identify.
- Proof of Address.
- Website Terms of Service
- Website Privacy Policy.

Step 7: Logistics

Without logistics, the mechanism by which orders are delivered to customers or inventory is delivered to retailers, an e-commerce company in India would not be successful. Finding and identifying distribution partners is one of the main emphases of logistics management and hence choosing them must be a carefully considered decision.

Conclusion

With the advancement of computer technology, the World Wide Web has become the world's primary communication tool. Through the Internet, computers in geographically separated areas can communicate with one another within minutes. As with every innovation, there are certain advantages and disadvantages to using and adopting new technology; and with these developments happening quickly, new products, services, and marketing tactics are also constantly adapting. As a result, it may be wise for a new business to be prepared for ethical challenges that could possibly surface from an IT and data perspective.

It is necessary to identify these ethical problems to keep businesses away from constant risks and keep the business afloat. Even though e-commerce offers a range of opportunities, consumer protection laws must be properly considered. How quickly e-commerce develops will also be heavily influenced by effective IT security mechanisms. Therefore, it is imperative to put into place and keep improving the necessary technological and regulatory solutions. Even while a large number of Indian firms, organisations, and communities are beginning to utilise e-commerce to its fullest extent, considerable challenges still need to be overcome before they can help the

common individual.

FAQs

Role of KSK in Setting up an e-commerce business in India

The King Stubb Kasiva team ensures that all the requirements of an E-commerce business are complied with. The firm assists entrepreneurs right from the initial documentation required to set up a business to the protection of intellectual property through services set out below:

1. Acquiring Licenses and regulatory approvals;
2. Due Diligence;
3. Dispute resolution;
4. Legal assistance in various stages of funding;
5. Data protection;
6. Drafting and vetting agreements and other documents;
7. Ensuring compliance;
8. Enforcement of Intellectual Protection rights;
9. Legal advisory and strategy development.

Services offered by eCommerce Companies in India

With few restrictions and regulations based on a worldwide standard, the e-commerce market is booming in India, offering both domestic and foreign players a wide range of options. Since the number of internet users has increased due to the "Digital India" campaigns, all the big brands and businesses have figured out a method to provide their products and services on digital platforms. If one wants to register their business on already-existing app-based firms, the registration process for an e-commerce business is quite common. A bank account and registration of tax is required to conduct online business. A license under the Business Establishments Act is required for the company to develop another payment gateway.

1. Export-gov: Article India E-commerce
<https://www.export.gov/article?id=India-E-commerce>
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