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E-Commerce in India

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Abstract:

E-commerce stands for electronic commerce and pertains to trading in goods and services through the electronic medium. B2B, B2C, C2C and similar opportunity help consumer preferences and consumer markets developing electronic infrastructure for challenges of the future. E-commerce has revolutionized business, changing the shape of competition with internet (The NET), the computer communication network creating a e-commerce market place for consumers and business. Electronic commerce or business is more than just another way to sustain or enhance existing business practices. Rather, e-commerce is a paradigm shift. It is a "disruptive" innovation that is radically changing the traditional way of doing business. Ecommerce is showing tremendous business growth in our country. Increasing internet users have added to its growth. The present study has been undertaken to describe the present status and facilitators of E-Commerce in India. And to analyze the present trends of E-Commerce in India and examine the barriers of E-Commerce in India. This paper examines different opportunities of e-commerce viz., E-business, E-learning, It raises key challenges that are being faced by consumers relating to e-commerce. Now-a-days, the practice of E-Commerce has been dramatically changed, particularly in last five years. Therefore, E-Commerce form of marketing is a process or a modern technique used by business firms, companies, and industries for doing their business work through the e-net system.

Key words: Electronic Commerce, E-net, E-business

1. Introduction

E-Commerce stands for electronic commerce. It means dealing in goods and services through the electronic media and internet. On the internet, it relates to a website of the vendor, who sells products or services directly to the customer from the portal using a digital shopping cart or digital shopping basket system and allows payment through credit card, debit card or EFT (Electronic fund transfer) payments. E-commerce or E-business involves carrying on a business with the help of the internet and by using the information technology like Electronic Data Interchange (EDI). More simply put, E-Commerce is the movement of business onto the World Wide Web. E-Commerce has almost overnight become the dominant online activity. There is no single definition of E-Commerce, it means only commercial activity which is performed or linked to or supported by Electronic Communication. The effects of e-commerce are already appearing in all areas of business, from customer service to new product design.

2. What Is E-Commerce?

Electronic commerce or e-commerce refers to a wide range of online business activities for products and services. It also pertains to "any form of business transaction in which the parties interact electronically rather by physical exchanges or direct physical contact. E-commerce is usually associated with buying and selling over the Internet, or conducting any transaction involving the transfer of ownership or rights to use goods or services through a computer-mediated network.

3. The objectives of the Study

The objectives of the present study are:

- To describe the present status and facilitators of E-Commerce in India;
- To analyse the present trends of E-Commerce in India;
- To examine the barriers of E-Commerce in India.

4. Reasons Behind the Growth of E –Commerce

- **Busy Lifestyle**

The lifestyle of people is so busy that they are unable to go to the crowded markets every time for shopping. The customers prefer to shop in a relaxed environment at their own convenience.

- **High Disposable Income**

With growing job opportunities the income sources have also increased. Because of high spending power, customers are willingly able to pay for the products online.

- **Awareness of Products**
People are much more aware nowadays regarding the products available in the markets. They are quite aware about new products, product features, availability, price etc. through the help of media like television, radio, newspaper etc. Because of these reasons they feel confident while shopping online.
- **Rising Computer Educational Level**
Due to the efforts of Government and Private Educational Institutions in India, computer education is getting new horizons. People are much more aware regarding the tools and techniques of computers. Not only students of urban areas, students of rural areas, housewives and business persons are also attracted towards the advanced technologies of computer like e – commerce and e – business. With the development of educational standards there is automatically a great demand to buy and use new products.
- **Increased Usage of Internet -With**
more than 100 million Internet users, the country is beginning to achieve a critical mass of users who are familiar with web services. In addition, over the past few years, relatively sophisticated online travel agents (“OTAs”), such as Make My Trip – which started turning these initial Web users into Web consumers – have dominated Indian e-commerce. **Saves Money** – One another reason for adopting e-Commerce and online shopping technology is that the unwanted expenditure of **petrol, parking** and toll etc. is considerably reduced.
- **Easy to Find the Review of Products –**
It is quite easy to find the review of products by the help of online shopping. E-commerce has made it simpler to get information regarding the product and the customers can purchase the products after getting reviews and feedback of the product.

5. Importance and Uses of E. Commerce

- **Exploitation of New Business**
Broadly speaking, electronic commerce emphasizes the generation and exploitation of new business opportunities and to use popular phrases: “generate business value” or “do more with less”.
- **Enabling the Customers**
Electronic Commerce is enabling the customer to have an increasing say in what products are made, how products are made and how services are delivered (movement from a slow order fulfillment process with little understanding of what is taking place inside the firm, to a faster and more open process with customers having greater control).
- **Improvement of Business Transaction**
Electronic Commerce endeavors to improve the execution of business transaction over various networks.
- **Effective Performance**
It leads to more effective performance i.e. better quality, greater customer satisfaction and better corporate decision making.
- **Greater Economic Efficiency**
We may achieve greater economic efficiency (lower cost) and more rapid exchange (high speed, accelerated, or real-time interaction) with the help of electronic commerce.
- **Execution of Information**
It enables the execution of information-laden transactions between two or more parties using interconnected networks. These networks can be a combination of „plain old telephone system“ (POTS), Cable TV, leased lines and wireless. Information based transactions are creating new ways of doing business and even new types of business.
- **Incorporating Transaction**
Electronic Commerce also incorporates transaction management, which organizes, routes, processes and tracks transactions. It also includes consumers making electronic payments and funds transfers
- **Increasing of Revenue**
The firm uses technology to either lower operating costs or increase revenue. Electronic Commerce has the Potential to increase revenue by creating new markets for old products, creating new information-based products, and establishing new service delivery channels to better serve and interact with customers. The transaction management aspect of electronic commerce can also enable firms to reduce operating costs by enabling better coordination in the sales, production and distribution processes and to consolidate operations and reduce overhead.
- **Reduction of Friction, Electronic**
Commerce research and its associated implementations is to reduce the “friction” in online transactions. Friction is often described in economics as a transaction cost. It can arise from inefficient market structures and inefficient combinations of the technological activities required to make a transaction. Ultimately, the reduction of friction in online commerce will enable smoother transaction between buyers, intermediaries and sellers.
- **Facilitating of Network Form**
Electronic Commerce is also impacting business to business interactions. It facilitates the network form of organization where small, flexible firms rely on another partner, companies for component supplies and product distribution to meet changing customer demand more effectively. Hence, an end to end relationship management solution is a desirable goal

that is needed to manage the chain of networks linking customers, workers, suppliers, distributors and even competitors. The management of "online transactions" in the supply chain assumes a central roll.

- **Facilitating for Organizational Model**

It is facilitating an organizational model that is fundamentally different from the past. It is a control organization to the information based organization. The emerging forms of techno-organizational structure involve changes in managerial responsibilities, communication and information flows and work group structures .

6. Opportunities for E-Commerce

Young Jun Choi, Chung Suk Suh(2005) reported that the development of the internet in the 20th century led to the birth of an electronic marketplace or it is called e-marketplace, which is now a kernel of electronic commerce (e-commerce). An e-marketplace provides a virtual space where sellers and buyers trade with each other as in the traditional marketplace. Various kinds of economic transactions and buying and selling of goods and services, as well as exchanges of information, take place in e-marketplaces. E-marketplaces have become an alternative place for trading. Finally, an e-marketplace can serve as an information agent that provides buyers and sellers with information on products and other participants in the market. These features have been reshaping the economy by affecting the behavior of buyers and sellers. *E-businesses* E-business affects the whole business and the value chains in which it operates. It enables a much more integrated level of collaboration between the different components of a value chain than ever before. Adopting e-Business also allows companies to reduce costs and improve customer response time. Organizations that transform their business practices stand to benefit immensely from innumerable new possibilities brought about by technology (www.ficci.com/sectors/task-forces/e-business/e-business.htm). E-commerce as anything that involves an online transaction. This can range from ordering online, through online delivery of paid content, to financial transactions such as movement of money between bank accounts. One area where there are some positive indications of e-commerce is financial services. Online stock trading saw sustained growth throughout the period of broadband diffusion. E-shopping is available to all these who use a computer. Over the past year Amazon.Com, ebay India, Indiatimes have seen a rapid growth in categories such as mobile handsets, jewellery, fashion apparel, books, gift items and other items.

7. Challenges for E Commerce

Internet based e-commerce has besides, great advantages, posed many threats because of its being what is popularly called faceless and borderless. Some examples of ethical issues that have emerged as a result of electronic commerce. All of the following examples are both ethical issues and issues that are uniquely related to electronic commerce. *Ethical issues*: Jackie Gilbert Bette Ann Stead (2001),reported the following ethical issues related to e-commerce.

- **Privacy**

Privacy has been and continues to be a significant issue of concern for both current and prospective electronic commerce customers. With regard to web interactions and e-commerce the following dimensions are most salient: (1) Privacy consists of not being interfered with, having the power to exclude; individual Privacy is a moral right. (2) Privacy is "a desirable condition with respect to possession of information by other persons about him/herself on the observation/perceiving of him/herself by other persons"

- **Security Concerns**

In addition to privacy concerns, other ethical issues are involved with electronic commerce. The Internet offers unprecedented ease of access to a vast array of goods and services. The rapidly expanding arena of "click and mortar" and the largely unregulated cyberspace medium have however prompted concerns about both privacy and data security.

- **Other Ethical Issues**

Manufacturers Competing with Intermediaries Online "Disintermediation," a means eliminating the intermediary such as retailers, wholesalers, outside sales reps by setting up a Website to sell directly to customers. Disintermediation include (1) music being downloaded directly from producers (2) authors Distributing their work from their own Web sites or through writer co-operatives.

8. Advantages of E-Commerce

E-commerce provides multiple benefits to the consumers in form of availability of goods at lower cost, wider choice and saves time. People can buy goods with a click of mouse button without moving out of their house or office. Similarly online services such as banking, ticketing (including airlines, bus, railways), bill payments, hotel booking etc. have been of tremendous benefit for the customers. The Indian e-commerce portals also provide goods and services in a variety of categories like apparel and accessories for men and women, health and beauty products, books and magazines, computer and peripherals, vehicles, software, consumer electronics, household appliances, jewelry, audio and videos, entertainment, goods, gift articles, real estate and services.

9. Facilitators of E-Commerce in India

9.1. Information Directories

Portals like <http://www.trade-india.com/> and <http://trade.indiamart.com/> maintain directories giving trade details on almost any topic, whether it is from apparel to toys, from gems to heavy machinery, or from food to employment. The products and services are listed with appropriate sub-headings to make it easy for a serious information-seeker to find what he wants. Some other similar

sites are <http://www.indiagrid.com/>, <http://indiainfo.com/> and <http://indiatimes.com/>. Allied services provided by them are message boards, chat rooms, forums, etc.

9.2. Banks

- Net banking/phone banking: This is an online banking facility available for savings account holders as well as current account holders. Some of the special Net banking services are: Demat accounts for sale/purchase of stocks and shares, Foreign Exchange services, Direct/Instant payment of bills on the account-holder's behalf, Financial Planning etc.
- Credit/Debit Cards- Banks facilitate E-commerce by providing the most vital trade instrument, namely the Credit or Debit Card, without which E-commerce would be impossible. Some of the major Indian players in these fields are: <http://www.hdfcbank.com/>, <http://www.icicibank.com/> and <http://www.statebankofindia.com>.

10. Presents Trends of E-Commerce in India

India is developing rapidly and if development is to be measured, how can we ignore the role of ecommerce in it. The internet user base in India might still be a mere 100 million which is much less when compared to its penetration in the US or UK but it's surely expanding at an alarming rate. The number of new entrants in this sphere is escalating daily and with growth rate reaching its zenith; it can be presumed that in years to come, customary retailers will feel the need to switch to online business. Insights into increasing demand for broadband services, rising standards of living, availability of wider product ranges, reduced prices and busy lifestyles reveal this fact more prominently thereby giving way to online deals on gift vouchers. Going by the statistics, According to a statement released by the Internet and Mobile Association of India (IAMAI), the ecommerce market was expected to touch Rs 46520 crore turnover marks in 2011. The table-1 shows market size of different verticals of ecommerce industry since 2007 to 2011. The growth in ecommerce business clearly implies the growing number of internet users. The online purchases are limited to certain categories like gaming subscription, food delivery, online classifieds, buying movie tickets, travel related purchases and electronics items etc. The growth in ecommerce industry is primarily driven by online travel industry which has contributed 80 % (Rs 25298 crore) in 2010 and expected to touch 81 % (Rs 37890 Crore) in 2011 of total ecommerce market and is building user confidence. The online travel industry includes sale of domestic air travel, international travel, hotel bookings, railway tickets, bus tickets, tour packages and travel insurance etc.

11. Single Product E-Commerce

Some Indian portals/websites deal in a specialized field, for example

- In Automobiles, the portals are <http://www.indiacar.com/> and <http://www.automartindia.com/>, on these sites we can buy and sell four-wheelers and two-wheelers, new as well as used vehicles, online. Some of the services they provide are; car research and reviews, online evaluation, technical specifications, vehicle insurance, vehicle finance, dealer locator etc.
- In Stock and Shares Markets some of the sites are <http://www.equitymaster.com/>, <http://www.5paisa.com/>. Some of the services offered to registered members are; Online buying/dealing of stocks and shares, market analysis and research, company information, comparison of companies, research on equity and mutual funds, tracking market trends etc.
- In Real Estate, the portals like <http://www.indiaproperties.com/> facilitate online dealing in real estate. They offer either outright purchase or lease of a property through their portal. They provide information on new properties as well as for resale. One can deal directly with developers/builders or through consultant/brokers. Some of the allied services are housing finance, insurance companies, architects & interior designers, property management consultant services etc.
- In Travel and Tourism industry, India has a rich history and heritage and e-commerce is instrumental, to a large extent, in selling India as a product, encouraging Indians as well as foreigners to see its multifaceted culture and beauty. A major Government of India portal, <http://www.tourisminindia.com/> has a vast variety of information for a potential tourist. The tourist destination sites are categorized according to themes like: eco-themes pertains to jungles, flora and fauna, beaches of India, architectural attractions, forts and places, hill resorts, adventure-trekking, mountain climbing etc. Allied services offered are passport and visa, travel & accommodation information, weather information, festival & fair dates, shopping, tour operators and more. There are also sites that highlight the tourist destinations of a specific region in India, like <http://www.incredibleindia.org/>, which covers North East India.
- In Gift Items: In the bygone days, one had to plan what to gift a loved one, trudge across to your favorite shop, and browse for hours before purchasing a gift. Today there are specific Indian websites making the act of gifting quick and easy to suit one's lifestyle. One such site is <http://www.indiangiftsportal.com/>. The gifts are categorized as collectibles like paintings and sculptures, toys & games, chocolates, flowers, wood-craft & metal craft, luxury items like leather goods, perfumes, jewelry boxes, etc.
- Hobbies: The most popular hobbies from time immemorial are reading, music and films. On the India website <http://www.firstandsecond.com/> one can buy more than 300000 titles of books, cassettes, VCDs and DVDs. The books cover a wide range of topics like business, art, cookery, engineering, children's stories, health, medicine etc. As for music and videos, they are available in English as well as in Indian languages to cater to the varied tastes and the topics range from devotional songs, old-time favorites and retro and jazz to the latest pop, rap etc.
- Matrimony: It is said that marriage is made in heaven, but in the world of e-commerce they are made on marriage portals like <http://www.jeevansathi.com/> and <http://saadi.com/>. One can search for a suitable match on the websites by region of residence (India or abroad), religion or caste. Once registered with them, they have e-mail facility and chat rooms too, so

that the couple gets to know more about each other before making the biggest decision of their lives. Allied services for registered are astrological services, information on customs and rituals, legal issues, health and beauty etc.

- In the field of employment two major portals like www.monsterindia.com and www.naukri.com are instrumental in providing job seekers with suitable employment at the click of a mouse. They have directories categorized under headings employers and job-seekers. The service for job seekers is free and for employment they charge a nominal fee. Jobs are available online in fields, ranging from secretarial to software development, and from real estate to education.

12. Present Scenario and Statistics of Ecommerce

It has been estimated that the worldwide E-Commerce market will exceed \$46 billion in consumer transactions by the year 2001 (courtesy IDC) and 15% of all WWW users have used it to purchase a product or service online (courtesy CommerceNet/Nielsen Media). The Figure below illustrates the statistics of some of these market predictions.

- In 2011 E-Retailing industry was Rs crore 3600.
- The number of transaction presently in India is 10 million, which is expected to increase by 38 million by 2015.
- Currently the Estimated number of internet user in India is 376 million by 2015.
- In 2011 Ecommerce Ventures Raised Around -1622.6 crore of private
- Retailer giant Macy's and some other began shipping to India.
- In 2012 Amazon entered into India with Jungle.com.
- In 2011 growth in online sale of Tesco recorded was 15.2%.
- Retail in India is tiny in comparison to \$550 billion market which is unorganized.
- 12 of ACCEL's 38 investments are e-commerce.
- No. of employee in FLIPKART is 3500, this number is 800 at snapdeal.com

Share of E-commerce industry wise

- Travel- 51%
- E-Retailing-40%
- Cothiers-09%

13. Conclusion

E-commerce creates new opportunities for business; it also creates new opportunities for education and academics. It appears that there is tremendous potential for providing e-business education. Initially, new Internet users would be reluctant to conduct any kind of business online, citing security reasons as their main concern. In order to increase consumer adoption of e-services, the sources of consumer confusion, apprehension and risk need to be identified, understood and alleviated. E-commerce provides tremendous opportunities in different areas but it requires careful application for consumer protection issues. Growth of e-commerce would also depend to a great extent on effective IT security systems for which necessary technological and legal provisions need to be put in place and strengthened constantly. E-Commerce is the future of shopping. With the deployment of 3G and 4G wireless communication technologies, the internet economy will continue to grow robustly. In the next 3 to 5 years, India will have 30 to 70 million internet users which will equal, if not surpass, many of the developed countries.

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