E-Commerce In India

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ABSTRACT

Nowadays commerce become a global phenomenon and is being treated as a panacea for economic growth. The whole of the global has shrunk and has become in the fist. The global economics are coming together. North and East pole are adjoining both buyer and sellers of remote are coming to gather. Under e-commerce goods and services are exchanged with the help of Internet or other computer network. It follows the same fundamental principles as tradition of commerce. i.e. buyers and sellers come together to exchange goods and services for money. But under e-commerce burglars and sellers transit their Business over net work computer. E-commerce Provides convenience to buyers. It also offers a convenience to sellers, to cut costs and expend theirs Markets. They do not need a big building stove or print and distribute mail order cater lodge. It has no distribution cost due to automatic order taking and” bulling system. E-commerce which is developing at a high rate in India can become a platform for anti-competitive issues and agreements that can come up in the future. Some potential competitive issues have been discussed and international cases where anti-trust issues have come up in E-commerce markets. Actually presence of information technology, internet and other associated technologies provides an extraordinary support for the growth and development of E-commerce to create value through the system. We live in a technological epoch and customers are now fuelled by Internet induced potentials. E-commerce to create value through the system. We live in a technological epoch and customers are now fuelled by Internet induced potentials. E-commerce emerges from the internet and its associated web technologies to facilitate the implementation of Customer Relationship Management (CRM). This study is an attempt to understand E-commerce in present globalize scenario.

INTRODUCTION

Electronic commerce (or e-commerce) encompasses all business conducted by means of computer networks. Advances in telecommunications and computer technologies in recent years have made computer networks an integral part of the economic infrastructure. More and more companies are facilitating transactions over web. There has been tremendous competition to target each and every computer owner who is connected to the Web. Although business-to-business transactions play an important part in e-commerce market, a share of e-commerce revenues in developed countries is generated from business to consumer transactions. 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. Most experts believe that overall e-commerce will increase exponentially in coming years. Business to business transactions will represent the largest revenue but online retailing will also enjoy a drastic growth. Online businesses like financial services, travel, entertainment, and groceries are all likely to grow.

E-COMMERCE IN INDIA

For developing countries like India, e-commerce offers considerable opportunity. E-commerce in India is still in nascent stage, but even the most-pessimistic projections indicate a boom. It is believed that low cost of personal computers, a growing installed base for Internet use, and an increasingly competitive Internet Service Provider (ISP) market will help fuel e-commerce growth in Asia’s second most populous nation. Indian middle class of 288 million people is equal to the entire U.S. consumer base. This makes India a real attractive market for e-commerce. To make a successful e-commerce transaction both the payment and delivery services must be made efficient. There has been a rise in the number of companies’ taking up e-commerce in the recent past. Major Indian portal sites have also shifted towards e-commerce instead of depending on advertising revenue. Many sites are now selling a diverse range of products and services from flowers, greeting cards, and movie tickets to groceries, electronic gadgets, and computers. With stock exchanges coming online the time for true e-commerce in India has finally arrived. On the negative side there are many challenges faced by e-commerce sites in India. The relatively small credit card population and lack of uniform credit agencies create a variety of payment challenges unknown in India. Delivery of goods to consumer by couriers and postal services is not very reliable in smaller cities, towns and rural areas. However, many Indian Banks have put the Internet banking facilities. The speed post and courier system has also improved tremendously in recent
years. Modern computer technology like secured socket layer (SSL) helps to protect against payment fraud, and to share information with suppliers and business partners. With further improvement in payment and delivery system it is expected that India will soon become a major player in the e-commerce market.

While many companies, organizations, and communities in India are beginning to take advantage of the potential of e-commerce, critical challenges remain to be overcome before e-commerce would become an asset for common people. India’s e-commerce industry is on the growth curve and experiencing a spurt in growth. The Online Travel Industry is the biggest segment in ecommerce and is booming due largely to the Internet-savvy urban population. The other segments, categorized under online non-travel industry, include e-Tailing (online retail), online classifieds and Digital Downloads (still in a nascent stage). The online travel industry has some private players such as Makemytrip, Cleartrip and Yatra as well as a strong government presence in terms of IRCTC, which is a successful Indian Railways initiative. The online classifieds segment is broadly divided into three sectors; Jobs, Matrimonial and Real Estate. Mobile Commerce is also growing rapidly and proving to be a stable and secure supplement to eCommerce due to the record growth in mobile user base in India, in recent years. Growth drivers and barriers are present in equal measures for new eCommerce ventures.

A report by the Internet and Mobile Association of India has revealed that India’s E-commerce market is growing at an average rate of 70 percent annually and has grown over 500 percent since 2007. The current estimate of US$ 6.79 billion for year 2010 is way ahead of the market size in the year 2007 at $1.75 billion. The following chart depicts the growth of E-commerce in India in the last couple of years:

![Growth of E-commerce over the years](image_url)

**Source:** A report by the Internet and Mobile Association of India

According to the third edition of eBay India census 2010 conducted across 28 states and seven union territories, India’s top five rural e-commerce hubs are Ambalapuzha (Kerala), Sajiyavadar (Gujarat), Adala (Gujarat), Abdalipur (West Bengal) and Kangayampalayam (Tamil Nadu). This means there are two rural e-commerce hubs of Gujarat in top five across India. The survey reveals that Gujarat has emerged as one of the top five online shopping markets in the country. Gujarat is ranked 4th after Maharashtra, Delhi and Tamil Nadu. During the census in 2009, Gujarat was ranked at seventh, from which it has jumped to fourth position.

The city of Ahmedabad ranks 7th among top 10 ecommerce hub in the country. eBay India, a 100 per cent subsidiary of eBay Inc one of the leading e-commerce hub in India, has observed a surge in the number of e-commerce hubs in India from 2,500 last year to 3,300 this year.

According to the eBay Census Guide 2009 for Indian eCommerce scenario, it has been found that India has over 2,471 eCommerce Hubs. These hubs are the cities, towns, villages and smaller towns covering the entire length and breadth of the country.

Technology or technology related products dominate India’s domestic eCommerce. Whereas, lifestyle product category dominates in the global trade. Technology, being India’s favourite traded vertical category contributes 44% of totals eCommerce transactions according to the latest eBay Census. Lifestyle category at 35% comes second in popularity for online Indians. For Global Trade, lifestyle is the clear winner at 64% of all transactions followed by Media & Collectibles at 15% each.

Elaborating India’s domestic online shopping scenario, South India has the most active buyers at 41% of all transactions, followed by West India at 27%. However, West India has the most active sellers at 46%, followed by North India at 28%. Delhi entrepreneurs sold the most technology gadgets at 46% of all transactions to buyers in India. Lifestyle scored on the Exports front at 67% of all transactions.

Delhi sells the most musical instruments – percussion, brass, synthesizers, and guitars - in the country. In addition to this, Delhi buyers bought the most sunglasses in the country according to the eBay census. Delhi buyers have also bought the most number of high end digital cameras in the country.

India is showing tremendous growth in the Ecommerce. Rival tradeindia.com has 700,000 registered buyers and it has the growth rate of 35% every year which is likely to double in the year 2010. Indiamart.com claims revenues of Rs. 38 crores and has a growing rate of 50 every year.

It receives around 500,000 enquiries per month. Undoubtedly, with the middle class of 288 million people, online shopping shows unlimited potential in India. The real estate costs are touching the sky. The travel portals’ share in the online business contributed to 50% of Rs 4800 crores online market in 2007-08. The travel portal MakeMyTrip.com has attained Rs 1000 crores of turnovers which are around 20% of total e-commerce market in India. Further an annual growth of 65% has been anticipated annually in the travel portals alone.

**MODES OF E-COMMERCE**

Information and Communication Technologies utilizes E-commerce for doing market transactions among two or more parties – usually businesses and consumers (Maymand ,M.M, 2005). E-commerce is subdivided into number of categories that is B2B (business to business: wholesale), B2C (business to
consumer: retail), C2B (consumer to business: individuals) and C2C (consumer to consumer: auctions and information portals).

**Business to Consumer (B2C)** – It is an E-commerce model involving businesses and consumers and direct trade is conducted between companies and end consumers. Firstly, it had a small share in the market but after 1995 its growth was exponential. In B2C model, online businesses sell to individual consumer. These are retailing transaction with individual shoppers. An online shopper buying from Amazon.com is an example of B2C E-commerce.

**Business to Business (B2B)** – It is the largest form of E-commerce, in which both buyers and sellers are business entities and do not involve an individual consumer. This model of E-commerce includes the inter-organizational transactions and electronic market transactions between organization and businesses. It is a form of selling between companies, wholesale rather than retail. B2B involves widening the circle of suppliers and centralizing control. Many B2B sites are company and industry specific, catering to a community of users. It is a kind of combination of forward and backward integration (Joseph. P.T, 2003).

**Consumer to Business (C2B)** – This model is growing at a rapid pace in E-commerce arena, it is a growing trend when consumers demands specific products or services from respective businesses. It enables the buyers to charge their own price, often binding for a specific good or service. It helps in generating the demands by collecting the —demand bids and then offers the bids to participating sellers. ReverseAuction.com and Priceline.com are the examples of C2B models.

**Consumer to Consumer (C2C)** – In this category, a consumer or individual sells directly to another consumer or individual. It means that a consumer would contact a business in search for customer. It facilitates the online transaction of goods or services between two people. Most of the auction websites like eBay, TraderOnline.com and matrimonial websites are working on this methodology.

**G2G (Government-to-Government)** - G2E (Government-to-Employee), G2B (Government-to-Business), B2G (Business-to-Government), G2C (Government-to-Citizen), C2G (Citizen-to-Government) are other forms of E-commerce that involve transactions with the Government such as procurement of filling taxes, business registrations, renewing licenses etc. E-commerce today is very much a business-to-business affair. Much of the emphasis is made on B2B and B2C electronic commerce. B2C E-commerce is a key aspect for statistical.

**Facilitators of E-commerce in India**

- **A. Information directories:**
  The products and services a relisted with appropriate sub-headings to make it easy for a serious information-seeker to find what he wants. Allied services provided by them: Message boards, chat rooms, forums, etc.

- **B. Banks:**

  1. **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.

  2. **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.

**Influence of E-commerce on CRM**

E-commerce is defined as the activities applied on computer or internet to sell and buy the product or service. E-commerce involves in the digital or Electronic commercial activities. The concept of CRM was derived from contact management in 1980 ages to collect all the information when customers connect to companies. Advances in information and communication technology create a one-to-one relationship and mass customization (Liu.H & Tang.T, 2002). CRM is a process to understand the customer’s needs and behavior in order to develop stronger relationships. CRM is a process that will bring together lots of pieces of information about customer, sales, marketing, effectiveness, responsiveness and market trend. CRM helps businesses use technology and human resources to gain insight into the behavior of customers and the value of those customers. E-CRM is a combination of software, hardware, application and management commitment. These technologies emerge from mainstream use in Electronic Commerce to assess their efficacy in relation to e-CRM (Barhate.B.H 2009).

**Emerging Customer Relationship Management (CRM) Approach in Banks**

Many businesses houses, such as banks and other areas of services know deeply the importance of Customer Relationship Management (CRM). Customer Relationship Management has the capability to obtain new customers, retain existing ones and to raise their lifetime value. Customer Relationship Management is a broad approach for creating, maintaining and expanding customer relationships. It is a kind of business strategy that mainly aims to understand, anticipate, manage and personalize the needs of an organization’s current and potential customers. Mainly it involves, using technology to organize, automate, and synchronize business processes – principally sales activities, but also those for marketing, customer service and technical support (Saravankumar,S., 2009). Customer Relationship Management in banking industry is completely different from other sectors because banks and its services are financial services, which mainly point toward at creating trust among the customers. Numerous services are provided by the banking industry to the customers such as –

- Customer care support is introduced during on and off official hours
- Information is timely updated about interest payments
- Maturity of time deposit
- Issuing credit and debit cum ATM card
- Creating awareness about online and e-banking
- Including mobile request
CONTEMPORARY ISSUES

On line transaction in the retail and service sectors increase mainly from 199Q to 2002 Retail e commerce sales increased from $ 15 billion in 1999 to $ 44 billion in 2002. As per the united state Bureau of the census. The census bureau counted that in 2002 retail e commerce sales depicted only 1.5 percent of Total retail sales However, Studies have shown that e commerce has become more important in certain product categories. For example in 2002, 32 percent of computer hardware and software sales were transacted on line. 17 percent of ticket sales were done over the internet and 12 percent of book sales were completed electronically a number of unresolved use have revealed as e commerce transactions have increased in number and value.

Tax on Goods and Services

There are so many governments who are facing the problems of sales Tax and service Tax Because of surpassing the boundaries of state or province and nelson by the Internet. The Internet largely a tax free Zone. According to a study of 2001 state and Local government of USA Lost an estimated of $ 13.3 billion in uncollections sales tax on internet purchases made in that year. US congress has been lobbied by the Local government to impose some kind Of uniform sales tax of e commerce business, while e commerce business houses are opposing for such imposition.

Security

Security is the next issue of the e commerce transactions under Netscape Communication Corporation; encode credit card number and other information to defeat thieves Buyers can secure their sites by noting the word. Secure as icon at the bottom of their browser window. However some consumers are repugnant to reveal credit card information over the internet which obstructed the growth of e commerce.

Privacy

It is another issue and worry for many buyers. Many internet store post privacy statement as a policy net to share consumers information. Other Business houses. Like not to give their names and email addresses to the companies sending unwanted Commercial email message or junk mail in 2003, U.S. congress passed a legislation to curfew this practice.

Application in e commerce

There are some common application of c-commerce as follows
* Email * Electronic tickets * Instant messaging * News group
* E Business * Online Banking * Online shopping and Tracking * Online Hotel rooms Booking * Tale conferencing etc.

Government Regulations

The federal Trade commission (FTC) in U.S.A. is regulation some of the Ecommerce activities. These - activities include the use of commercial E-mails, On line advertising and consumer privacy F.T.C. regulate all forms of on line advertising and status that advertising must be truthful and non deceptive the F.T.C. under its section 5 prohibits unfair and deceptive practices. Our government of India also prohibiting such Type practices and cyber crime etc.

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CONCLUSION

The successes of the growth of Indian E economy dependents on a maximum utilization of electronic Internet devices. But in India the Online business in flourishing is not in full swing. It requires more awareness and government support. More over most of the big business houses at the Institutional level big corporations and financial institutions are using the internet to exchange financial data to facilitate domestic and international business. It is contributing to the economy at a very large scale in a significant manner but slow accessing to the information or slow downloading is an important matter of concern. E-Commerce has gained its popularity due to the fast development in the area of information technology. Customers are facing tremendous problems while dealing with their transactions in banks. They feel hesitant and also afraid to use online business because they often have limited guarantees about the privacy and security of their information.

E-commerce has open up new routes for banking customers that will help in creating new forms of competition and compel banks to make choices about the services. Banks act as E-commerce facilitators and it plays a very precise role in E-commerce while managing their business in the electronic marketplace. This study has also specified some electronic crimes hurdles, identified in the specific areas of banking sector.

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