

Pros and Cons with Techniques to improve E- Commerce Business in India

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Abstract

The e-commerce is one of the biggest things that have taken the Indian business in new form. It is creating an entire new economy to the society, which has huge resources to change the way of business activities. The mile stone of e-commerce is raising incomes and a greater variety of goods and services that can be bought through the internet. It induced consumers to buy goods and services through online which are more attractive and convenient for them all over the country. This article tries to present a highlight of the role of e-commerce business indicating the category of e-commerce business, organizations involved in e-businesses, to examine the growth of e-commerce in both physical and financial terms, to critically analyze the barriers and constraints involved in flourishing e-commerce businesses in India and also state the role of government provide a legal framework for e-commerce.

Key Words: E-commerce-India- internet-online

INTRODUCTION

Electronic commerce is presently an unavoidable tool of India's trade facilitation policy. Undoubtedly, last few years have witnessed a technological revolution accompanied by the widespread use of the Internet, web technologies and their applications. Electronic commerce (e-commerce) as part of the information technology revolution became widely used in the world trade in general and Indian economy in particular. As a symbol of globalization, e-commerce represents the cutting edge of success in this digital age and it has changed and is still changing the way business is conducted around the world. The electronic commerce to become one of the most capable channels for inter-organizational business processes. Consequently, Internet growth has led to new developments, such as decreased margins for companies as consumers turn more and more to the internet to buy goods and demand the best prices. Internet has accurate and an effective instrument in changing the ways of business activities.

E-commerce stands for electronic commerce and pertains to trading in goods and services through the electronic medium, via the internet or mobile

phone. Through the internet, it pertains to a website, which sells services and products directly and allows credit card payments. There have been changes in the methodology with the help of advancements in technology for business transactions. India, a rapid adaptor of technology with the current scenario of electronic data exchanges and has taken to e-commerce. The information technology industry observes it as an electronic business application aimed at commercial transactions. It can involve number of business activities like e-funds transfer, supply chain management, e-marketing, automated inventory management systems, and automated data collection systems. It completely uses electronic communications technology such as the internet, extranets, e-mail, e-books and mobile phones. However, there is no standard definition for the term e-commerce and it named differently by different organizations in different manner. It is clearly understood to mean the production, distribution, marketing, sale or delivery of goods and services by electronic means. The Asia Pacific Economic Co-operation (APEC) has adopted a comprehensive definition of e-commerce to include all business activity using a combination of electronic communications. The United Nations Economic

and Social Commission for Asia and the Pacific (UNESCAP) have also defined e-commerce as 'the process of using electronic methods and procedures to conduct all forms of business activity.

OBJECTIVES:

- a). To examine the growth of e-commerce in both physical and financial terms.
- b). To evaluate the benefits obtained from e-business.
- c). To critically analyze the barriers and constraints involved in e-commerce businesses in India

GROWTH AND PROSPECTS OF E-COMMERCE IN INDIA:

E-commerce in India is still in budding stage but it offers extensive opportunity in developing countries like India. Highly intended urban areas

with very high literacy rates, an enormous rural population with fast increasing literacy rate, a rapidly growing internet user base, technology advancement and adoption and such other factors make India a dream destination for e-commerce players. The online travel industry has some private players such as make my trip, clear trip 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 in to three sectors; Jobs, Matrimonial and Real Estate. Mobile Commerce is also growing rapidly and proving to be a stable and secure supplement to e-commerce due to the record growth in mobile user base in India, in recent years. 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 table shows the growth of E-commerce in India in the last one and half decades.

Year	Total e-commerce transactions (in millions)
1998-1999	31.38
1999-2000	103.84
2007-2008	1750.00
2008-2009	3015.00
2009-2010	4230.00
2010-2011	6790.00
2011-2012	10000.00

Source: A report of Internet and Mobile Association of India

The table shows the e-commerce transactions during the year 1998-99 to 2011-2012. In 1998 the total transaction of e-commerce was 31.38 and it was increased to 103.84 in next year. After seven years the transaction was increased in thousands and continuously it increased up to 10thousands in 2011-2012. The entire table result shows the rapid growth of e-commerce in India. The reason is the usage of e-commerce and users of technology is increased in high level. It reveals the technology improvement and awareness among the people and society. In India more online users are willing to make purchases through the internet. Overall e-commerce industry is poised to experience a high growth in the next couple of years.

E-Tailing and digital downloads are expected to grow at a faster rate, while online travel will continue to rule the major proportion of market share. Due to increased e-commerce initiative and awareness by brands, e-Tailing has experienced decent growth. According to the Indian Ecommerce Report released by Internet and Mobile Association of India (IAMAI) the total online transactions in India was Rs. 7080 crores (approx \$1.75 billion) in the year 2006-2007 and it was grown by 30% to touch Rs. 9210 crores (approx \$2.15 billion) by the year 2007-2008. The following table shows the market share of e-commerce in India during 2011-2012.

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Table-2 Market Share of E-Commerce in India 2011-2012

E-commerce sectors	Market share in (%)
Online travel	80.00
E-tailing	6.48
Financial services	6.31
Other online services	5.09
Digital download	2.12

Source: A report of Internet and Mobile Association of India.

According to a McKinsey-Nasscom report, the e-commerce transactions in India are expected to reach \$176.3 billion in 2012. On the other hand compared to the western countries, India is still in its initial stage of development. The following table shows the e-commerce sales in selected countries in Asia Pacific Region, during 2006-12.

Table-5 E-Commerce Sales In Selected Countries In Asia Pacific regions, 2006-12(Billions USD)

Year/Country	2006	2007	2008	2009	2010	2011	2012
Australia	9.5	13.6	20.4	26.4	28.7	31.1	34.6
China	2.4	3.8	6.4	11.1	16.9	24.1	26.7
India	0.8	1.2	1.9	2.8	4.1	5.6	6.9
Japan	36.8	43.7	56.6	67.9	80.0	90.0	94.3
South Korea	9.6	10.9	12.4	14.0	15.9	17.9	19.8
Asia Pacific region	59.9	73.3	97.7	124.1	145.5	168.7	176.3

Source: e-Marketer, December, 2012

The table shows the entire e-commerce sales countries in Asia Pacific regions. Among these countries Japan headed in all the years in e-commerce sales followed by Australia, China, South Korea and finally by India. The other Asia Pacific countries developed their e-commerce sales in better level during 2006 to 2012. According to Indian e-commerce scenario, it has been observed that India has over 2,471 e-commerce hubs consisting of the cities, towns, villages and smaller towns which cover the entire length and breadth of the country. Hence the sizes of the e-commerce are also increased in high and appreciable level.

ADVANTAGES OF E-COMMERCE TO BUSINESSES IN INDIA

There is a rising awareness among the business community in India about the opportunities offered by e-commerce. In India e-commerce provides a new venue for connecting with consumers and conducting transactions via global trade, virtual businesses,

lower search costs and increased power of downstream players. Other benefits of e-commerce are as follows:

1. Easy reach to a fast growing online community
2. Unlimited shelf place for products and services
3. Helps to reach national and global markets at low operating costs.
4. Collection of customer data
5. Build customer loyalty
6. •Reduction of marketing and advertising cost

BARRIERS TO E-COMMERCE IN INDIA:

- i). Payment Collection: Fraudulent charges, charge backs etc. all become merchant's responsibility and hence to be accounted for in the business model.
- ii). Taxation: Octroi, entry tax, VAT and lots of state specific forms which accompany them. This

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can be confusing at times with lots of exceptions and special rules.

iii). Excessive pricing in e-commerce markets: Over the short term, excessive pricing is unlikely to be a major issue for e-commerce companies. Few e-commerce operations are currently making any profits, let alone excessive profits. Over the longer term, however, excessive pricing may become a serious concern for those e-commerce companies that develop dominant positions in their relevant markets.

iv). Collusion: One of the most widely held competition concerns relating to e-commerce is that it may facilitate such collusive behavior. There are a number of characteristics of e-commerce that might be expected to facilitate collusion, even in the absence of joint ventures and online marketplaces.

v). Cyber crime in E-Commerce: Cyber crime is a key alarm that consumers have regarding e-commerce. No one wants to become a victim of cyber crime, which is a real hazard to e-commerce. Cyber crime is an e-crime. Cyber crime is a criminal act

that involves computers and networks. Cyber crime includes criminal acts such as computer viruses, phishing, and denial of service attacks that cause e-commerce websites to lose revenues.

TECHNIQUES TO IMPROVE E-COMMERCE BUSINESS IN INDIA

In the recent past, the India Government has significantly liberalized foreign direct investment ("FDI") in India. As per the regulations formed under the Foreign Exchange Management Act, 1999, ("FEMA") FDI is allowed on an automatic basis, up to a certain limit or fully, in most sectors. The government of India has passed the Information and Technology Act to keep a check on the transactions carried on via the electronic media and to make the process of Ecommerce safe and reliable. The Act imposes heavy penalties and punishment on those who try to misuse this channel for personal benefit or to defraud others. The law has also established the authentication of the electronic records.

CONCLUSION

The rapid pace of e-commerce development has generally left the legal system struggling to keep up and gasping for breath. In much the same way

as companies doing e-commerce must invent new business procedures and rules the legal system is trying to adapt existing laws to fit new settings. In the midst of this legal turmoil, India is one of the few countries across the globe that has enacted e-commerce legislation. However, much more is needed to effectively regulate the tangled web. Effective risk management strategies coupled with adequate legal documentation will go a long way in protecting e-commerce companies. The role of government should be to provide a legal framework for e-commerce so that while domestic and international trade are allowed to expand their horizons. The growth, development and role of e-commerce are appreciable level in India. If it will expand further in all aspects definitely India will capture a primary place in technology and able to compete with other countries to increase the status.

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