E-COMMERCE: AN INDIAN SCENARIO

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ABSTRACT:

Exchange, business, commerce, trade etc., are the various areas of economic life of human beings. This economic factor is possible through the natural human ability of communication. Faster communication result into higher speed of business transactions. Mankind has continuously tried to make business transactions easy through science and technology. The outcome of this one the various modern technologies named after its application and scope such as E-Commerce. E-Business, E-mail, E-brain, E-Culture and E-Governance and so on. One particular form of that technology, the paper attempts to present is E-Commerce.

Efforts are made in this paper to probe into the evolution of E-Commerce and its available definitions, areas of application and its significance. The paper also reveals the Indian scenario regarding the employment, revenue, total market, browsers, and age group. The E-Commerce though in embryonic stage in India, has a very bright future.

KEY WORDS: E-Commerce. E-Business, E-mail, E-brain, E-Culture and E-Governance

INTRODUCTION:

Exchange is the heart of economy of every nation. Human beings have tried to satisfy needs and requirements through exchange- may it be barter system or currency system. The importance of exchange has increased with the changing technology and availability of more and more varieties of products has resulted into increasing the volume of exchange in the internal and international markets.

Exchange makes use of communication. The communication system has its own development pattern. This development in communication has been applied for

making the exchange easy. Flourishing of economy and its various components such as commerce, trade, exchange and production etc., involves more and better techniques of communication. Electronic communication system is the latest application of utilisation of commerce in general and for economy, E-Commerce has become the buzzword of this decade.

EVOLUTION OF E-COMMERCE

The first E-Commerce service was launched in Geneva. Since, then utilisation of electronic communication system for the commercial activities has increased not only in the industrially developed countries but in backward countries such as African countries as well.

DEFINITIONS:

There is no universally agreed definition of, 'Electronic- Commerce'. However, in the World Trade Organisation Work Programme on Electronic Commerce, it is understood to mean the production, distribution, marketing, sale or delivery of goods and services by electronic means. The other definitions available are:

- Electronic-Commerce encompasses all kind of commercial transactions that are conducted over an electronic medium mostly the Internet.

- E-Commerce is a generic term that describes the electronic mode of doing business with or without the help of Internet. It uses group technologies to communicate with customers or other companies, to disseminate or gather business information or to conduct business transactions.

- E-Commerce is a set of integrated software components that provides a solution for business to sell goods and services though an electronic catalogue on the Internet.

- E-Commerce is the act of buying and selling p[products and services over the Internet.

- (International trade Administrator) defines E-Commerce as any activity that utilises some form of electronic communication for exchange ,advertisement, distribution and payment for goods and services.

- E-Commerce = Electronic Data Interchange+ Internet

From these definitions it can be concluded that the concept of E-Commerce is either all or one of the activities/stages –a) advertising and searching, b) ordering and payment stage, c) delivery stage. The gist of it as already stated is carrying out of commercial activities through electronic medium of communication.

E-COMMERCE APPLICATION IN BUSINESS

Any business related to the core business activities of buying and selling and or services through an electronic medium falls within the domain of E-Commerce. Web and Internet technologies opened up a range of usable and low-cost ways of doing business electronically.

E-Commerce can be broadly classified into different categories. These major classes of businesses expected with an E-Commerce applications are-

1) Business to Business (B2B)
2) Business to Consumer (B2C)
2) Consumer to Business (C2B)
4) Consumer to Consumer (C2C)
5) Customer to Business (C2B)
6) Business to Government (B2G)

1. Business to Business (B2B)

B2B involves transaction between organisations, their partners, channels etc. This includes Internet enabled initiatives of business to form commercial linkages with another business, dealer, warehouse or manufacturing. In this form of E-Commerce, paper work and time, to market get vastly reduced. Network of Bangalore is the biggest model of business to business E-Commerce in India.

2. Business to Consumer (B2C)

B2C applications of E-Commerce, business use the Internet to offer to consumers, sales and services around the world 24 hours a day in a year. These are the transactions with individual customers buying goods and services over the web. The largest share at present goes to books and music CDs. These websites are meant for selling goods directly to consumers through Internet. Uphar, Rediff and Amazon are the sites of this E-Commerce application. The scattle-based Amazon E-Commerce is the world's first and largest on-line book-store. It was founded in 1995.

3. Consumer to Business (C2B)

E-Commerce by empowering the customers redefines business. An airline is willing to issue a ticket on the stated price; the consumer can travel the mentioned destination at his terms.

4. Consumer to Consumer (C2C)

C2C form of E-Commerce is nothing but the cyber version of the good-old auction houses. In this form of E-Commerce, the seller may sell his goods and services by providing its information on the Internet. This information may be evaluated by a requester (buyer) to carry out a transaction. Similarly, the buyer may also give his requirements to select the desired services.

5. Customer to Business (C2B)

C2B E-Commerce involves customer relationship-driven business in which stress is on faster feed back from the customer to generate opportunities for improvement of services and products offered by the company.

6. Business to Government(B2G)

The business world is directly or indirectly under the governance of the government. The transactions/communications between the Government and the business can be classified in two areas- i) the transactions to fulfil the Government rules and regulations, ii) the business transaction with the Government . Compliances of this through electronic medium is the B2G E-Commerce application.

This classification encompasses the interaction between the policies involved into the business transactions namely the business organisation, the intermediary agencies, warehouses etc., the buyer and consumer, and Government as well.

ACTIVITIES OF E-COMMERCE

The various activities of E-Commerce are carried on electronically included-

a) Electronic presentation of goods and services

This includes making available E-Catalogues on the site, through which the customer could browse to select his/her purchase. It could include search facilities, where the user could search for items based on its attributes.

b) On-line order taking and bill presentation

It includes provision for the user to satisfy the items he wishes to order, defining the terms of payment and delivery and automated billing system for users.

c) On-line payment and transactions handling

Merchants may provide or tie up with some other party for the payment verification and special payment methods must be defined and the backend connectivity for these established.

d) Automated customer account inquiries

This functions irrespective of how activities were finalised, on-line or off-line. This would be an integral part of customer support.

e) Automated supply chain management

An automated supply chain management solution is collaboration between a company, its business partners and its customers, where various applications talk to each other.

The activities of E-Commerce are parallel to the classification/stages already explained as conducting remarks on the definition of E-Commerce. Traditionally, commerce has been defined as trade, plus aids to trade i.e. the service to remove the obstacles and making the trade easy. All the activities where communication is through electronic medium are the activities of E-Commerce. The same logic when it continues it will help to understand the components of E-Commerce or application of E-Commerce in the commercial activities.

COMPONANTS OF E-COMMERCE APPLICATIONS

E-Commerce improves service reduce operating costs, compresses cycle times, open new sales channels and frees up staff to focus on value added activities. The business applications may be integrated inE-Commerce which are-

i) Customer relationship management applications

These factors enable companies to attract, retain and satisfy customers by personalised marketing, selling and servicing their customers over the web or face-to-face

ii) Supply chain, manufacturing and strategic procurement applications

These help in the delivery of right products and services to customers in the shortest possible time. Supply chain management solutions enable scheduling and planning of material and distribution requirements for the organisation. Integrated manufacturing and distribution process across the extended enterprise helps in the overall planning

iii) **Strategic enterprise management applications**

These applications help to capture, analyse and share business intelligence for making better business decisions.

iv) **Financial Applications**

They help to integrate with manufacturing with supply chain management and other solutions. The fast growth of E-Commerce is surely due to certain benefits to the two sides of the exchange i.e. buyer and seller. The classification of E-Commerce, activities of E-Commerce, application of E-Commerce etc., are benefited because of utilisation of electronic medium in the following ways-1) Delivering the right products and services to customer faster and cheaper than any one else.2) Communication with collaborators, 3) Global visibility of the organisation4) Lower procurement cost, 5) Efficient warehouse management 6) Integrated quality and cost management 7) Lowest cost and on-time delivery 8) The shortest and most cost-effective fulfilment of time, 8) Optimisation of the extended supply chain 9) Optimisation of resources across the enterprise 10) Improvement in supplier relations 11) Streaming purchasing transactions 12) Building trust 13) Establishing ground rules, 14) Enhancing infrastructure 15) maximising benefits.

E-COMMERCE IN INDIA

The India Internet scene is radically changed in enhancing the Internet users. Internet widens its coverage from its present almost entirely urban, English-centric setting and reachesthe rural, Indian language-speaking population. To make Internet usages in India more meaningful, the medium of the net would also move more towards. Indian languages- Hindi, Marathi, Tamil etc.The E-Commerce in India can be viewed from various angles such as employment and revenue, total market, state-wise classification etc. A bird's eye-view reveals following facts-

a) **Sales of PCs**: During 1999-2000,81percent of PC (Personal Computers) sold were Net-enables. Today Delhi and State capitals accounted for 77% of Net connectivity.

b) **Employment:** Today,E-Commerce and Internet industry employees over 82000 people and by March 2003, this number is likely to increase over 5,00,000 in India.

c) **Revenues:** Revenues of E-Commerce transactions are expected to cross the Rs. 15000 crore mark by 2001.2002, of which Rs. 13,200 crores will be accounted for B2B (Business to Consumer) E-Commerce segment, while Rs. 1200 crore will come from B2C (Business to Customer) E-Commerce sector.

d) **India's total E-Commerce** market

(Source: Times of India-July 28, 2000)

From the above graph, it becomes clear that India's total e-services market is projected to go up almost seven times over the next five years. During the period of 2000-2001, Indian E-Commerce services will account for Rs. 7,250 crore, of which Rs.6,700 crore will come from exports and Rs.550 crore from the domestic market. This is more than 200 percent growth over 1999-2000 revenues of Rs.2,500.

Accourding to the Nasscom Survey, India can earn revenues of Rs, 48,000 crore from E-Commerce by 2005. Exports will inflate the cash Rs. 36,000 crore while domestic market will contribute the balance of Rs. 12,000 crore by 2005.

e)   State wise Net users:

India is on the verge of making a revolution in the of Information Technology. In India, 36 percent of the entire population is the users of E-Commerce. According to

IMBR Survey (Indian Market Research Bureau) around 4.3 million Indian household in the top 16 cities in the country had a first hand experience of the net and roughly the figure is that of 3 or 4 nestisens per live Internet connection. According to data released in the RajyaSabha by Information Ministry, the total number of Internet connection in India is 1.4 million for the year 2000.

Sr No	Name of the State	No. of Internet Connections
1	Maharashtra	
2	Delhi	4,52,948
3	Tamil Nadu	2,26,587
4	Karnataka	2,14,178
5	West-Bengal	1,39,370
6	Andhra Pradesh	1,14,221
7	Gujarat	63,902
8	Punjab	55,319
9	Kerala	28,652
10	Madhya Pradesh	27,606
11	Uttar Pradesh	22,981
12	Rajasthan	20,224
13	Bihar	19,815
14	Orissa	8,021
15	Assam	4,0644256
	Total	**14,02,144**

(Source: ENS Economic Bureau)

The number of Internet subscribers in the country as on June 30, 2000 at slightly over 14 lakhs with Mumbai and Delhi according for one-third of the connections. According to state-wise analysis, Maharashtra stood first and has the maximum Internet connections (4.5 lakhs) followed by Delhi (2.26lakhs), Tamil

Nadu (2.14 lakhs). Apart from Maharashtra, Delhi and Tamil Nadu, Karnataka has 1.39 lakhs connections, West Bengal with 1.14 lakh connections.

f)   **The Browsers**

*   Professionals and Corporate   43%

*   Student Community   38%

*   Housewives   4%

*   Others   15%

According to the NasscomSutrvey, in the profle of net users, professionals/ Corporate segment (43%) is dominant and followed by school/college students (38%). Out of the total users , the male population is estimated to be 77 percent and the internet access among women has witnessed 4% increasing the Internet for 6 hours a week.

A majority (59.2%) use the Net as an information source, 11.3 % as an educational tool and 8.2% for entertainment. Frequently used Internet services are 77% .E-mail 73.4%, Downloading and Uploading software 23%.

g)   **The age Factor:**

Age group of web users in India as on June 30, 2000
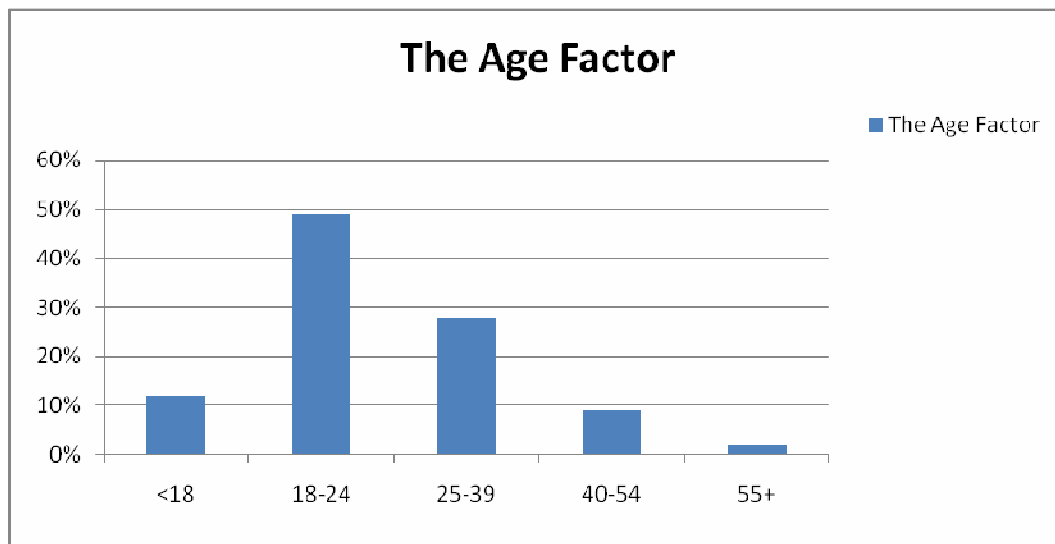
According Nasscom Survey, 36 % of the worlds' population has access to Internet. In India, with 3.7 million users accounts for a mere 3.7 %. Today, E-Commerce and

Internet users are in the 18-24 year age group at 49 % followed by 28% users in the 25-39 year age group.

CONCLUSION:

The expansion of E-Commerce or the use of electronic medium for business communication is spreading over the world very fast.

Economist and academicians are seriously thinking intern of calling it ;a second industrial revolution'. Being in a development stage, the various issues such as its scope and definitions, areas of application etc. are getting evolved along with the spread of its practical; application. The Indian scenario stands with world pattern in a high speed of expansion.

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