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## E-commerce in India: An analysis

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### Abstract

The Indian internet and e-commerce sector has mushroomed to become one of the fastest growing sectors of the country, even in the pandemic-hit economy. The e-commerce market in India is expected to reach INR7 trillion in 2023, growing at a CAGR of 20% during 2019-23. While the current lockdown has led to an overall decline in consumer spending, this is being partially offset by a rise in online spending, as consumers increasingly use online channels from the safety of their homes. Technology enabled innovations across digital payments, hyper-local logistics, analytics driven customer engagement and digital advertisements are expected to drive growth in the sector. E-Commerce is the electronic processing system by which individual organizations make a transaction. There are various benefits of E-Commerce to people like cost reduction and huge variety. Backed by increased online user base and mobile phone presentation, Indian E-Commerce has seen impressive growth in the last few years.

**Keywords:** ATM, B2C, E-commerce, electronic data exchange, electronic fund transfer

### Introduction

E-Commerce or Electronic Commerce is a methodology of modern business which addresses the need of business organizations, vendors and customers to reduce cost and improve the quality of goods and services while increasing the speed of delivery. E-Commerce refers to paperless exchange of business information using following ways.

- Electronic Data Exchange
- Electronic Mail
- Electronic Bulletin Boards
- Electronic Fund Transfer
- Other Network-based technologies

The concept of e-commerce is all about using the internet to do business better and faster. E-Commerce is the process of 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 without using any paper document.

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 than by physical exchanges or direct physical contact. "Business transacted through the use of computers, telephones, fax machines, barcode readers, credit cards, automated teller machines (ATM) or other electronic appliances without the exchange of paper-based documents. It includes procurement, order entry, transaction processing, payment authentication, inventory control, and customer support. E-Commerce is subdivided into three categories: business to business or B2b (Cisco), business to consumer or B2C (Amazon), and consumer to consumer or C2C (eBay) also called electronic commerce. E-Commerce has allowed firms to establish a market presence, or to enhance an existing market position, by providing a cheaper and more efficient distribution chain for their products or services.

### India and Internet

Before the appearance of VSNL's GIAS, Internet had been in India for many years in the form of ERNET. However, it was not possible for many people to get access to it, as it was means for only the education and research communities. Internet in India was established the ERNET. It was a joint undertaking of the Department of Electronic (DOE) of the Government of India, and the United Nations Development Program (UNDP), which provides technical assistance to developing nations.

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ERNET is one of the most successful operations that UNDP has funded. On August 15<sup>th</sup> 1995, Videsh Sanchar Nigam Limited (VSNL) – the Indian international trunk telephone carrier company – launched the Gateway Internet Access Service (GIAS). Subsequently, 6 nodes were established at Mumbai, Delhi, Madras, Calcutta, Bangalore and Pune. Each GIAS node is connected to Internet via high speed MCI circuits having a bandwidth of approximately 10 Mbps.

### Function of E-Commerce

The following are five functions you should be doing daily in your e-commerce business.

- Search Engine Optimization (SEO)
- Selecting New Products
- Merchandising New Productions

### Benefits of E-Commerce

Electronic commerce can increase sales and decrease costs. Advertising done well on the web can get even a small firm's promotional message out to potential consumers in every country in the world. A firm can use electronic commerce to reach narrow market segments that are geographically scattered. The web is particularly useful in creating virtual community that become ideal target markets for specific types of products or services. A virtual community is a gathering of people who share a common interest, but instead of this gathering occurring in the physical world; it takes place on the internet.

### Some key benefits of e-commerce are summarized below

- By becoming e-commerce enabled, business now have access to people all around the world. In effect all e-commerce business have become virtual multinational corporations.
- The cost of creating, processing, distributing, storing and retrieving paper-based information has decreased.
- The pull-type processing allows for products and services to be customized to the customer's requirements.
- The Internet is much cheaper than value added networks (VANs) which were based on leasing telephone lines for the sole use of the organization and its authorized partners.
- Software and music/video products can be downloaded or e-mailed directly to customers via the Internet in digital or electronic format.
- Business can be contacted by or contact customers or suppliers at any time.
- 24/7 access: Enables customers to shop or conduct other transaction 24 hours a day, all year round from almost any location.
- Enables more flexible working practices, which enhances the quality of life for a whole host of people in society, enabling them to work from home. Not only is this more convenient and provides happier and less stressful working environments, it also

Electronic commerce provides buyers with a wider range of choices than traditional commerce. Electronic commerce provides buyers with an easy way to customize the level of details in the information they obtain about a prospective purchase. Electronic payment of tax refunds, public retirement, and welfare support cost less to issue and arrive

securely and quickly when transmitted over the internet. Electronic payments can be easier to audit and monitor than payments made by cheque, providing protection against fraud and theft losses. Electronic commerce can also make products and services available in remote areas.

### Disadvantage of E-Commerce

Most of the disadvantages of e-commerce stem from the newness and rapidly developing pace of the underlying technologies. Some of the key disadvantages of are given below:

- Return-on-invest is difficult to calculate.
- Many firms have had trouble recruiting and retaining employees with the technological, design, and business process skills needed to create an effective electronic commerce presence.
- Difficulty of integrating existing databases and transaction-processing software designed for traditional commerce into the software that enables electronic commerce.
- Many business face cultural and legal obstacles to conducting electronic commerce.
- Lack of sufficient system security, reliability, standards and communication protocols.
- Facing increased competition from both national and international competitors often leads to price wars and subsequent unsustainable losses for the organization.
- Computing equipment is needed for individuals to participate in the new 'digital' economy, which means an initial capital cost to customers.
- A basic technical knowledge is required of both computing equipment and navigation of the internet and the World Wide Web.

### E-Commerce opportunities and Challenges for Industries

E-Commerce is presently an essential ingredient of India's trade facilitation policy. Since 1991, after economic reforms explicitly took place in India, the need to facilitate international trade both through policy and procedure reforms has become the foundation stone on India's trade and fiscal policies. Resultantly, a technologies revolution accompanied by the wide spread use of the Internet, web technologies and their application took place. E-Commerce has changed and is still changing the way business is conducted around the world.

### Opportunities

There is a rising awareness among the business in India about the opportunities offered by e-commerce. E-Commerce provides a new place for connecting with consumers and conducting transactions. Virtual stores operates round the clock.

### Global Trade

E-business is one of the major factors in the globalization of business. Other factors include decreases in trade barriers, globalization of capital markets. Indian e-business has grown at a compounded annual growth rate of 30% since FY09, and it expected to be \$18 billion (around Rs 1, 116, 00 crore) opportunity by FY15.

### Virtual Business

Business firms now have the ability to become virtual E-

Business. Virtual business uses electronic means to transact business as opposed to the traditional means of face to face transaction.

### **Lower search costs**

The Internet brings low search cost and high price lucidity. E-business has proved to be highly cost effective for business concerns as it cuts down the cost of marketing, processing, inventory management, customer care, etc.

### **Round the clock**

Customers can do transaction for the product or enquiry about any product/services provided by a company anytime, anywhere from any location.

### **Greater Economic Efficiency**

Greater economic efficiency (lower cost) and more rapid exchange (high speed, accelerated, or real-time interaction) are achieved with the help of electronic business.

### **Challenges**

The growth of e-commerce volumes in India is attracting the attention of players around the world. Despite lower per-capita purchasing power, the population still makes India one of the most attractive emerging markets for ecommerce. But India is far from being a bed of roses. Here are the top 8 challenges that ecommerce business face in India.

### **Promote Online Purchase**

Indian customers return much of the commodities they purchase online. E-business in India has many first time buyers. This means that they have not yet made up their mind about what to expect from e-business websites. As a result, buyers sometimes fall prey to hard sell. But by the time the product is actually delivered, they regret and return the goods. Returns are expensive for e-business companies, as reverse logistics presents unique challenges. This becomes all the more complex in cross border e-business. Providing additional features like hotel booking and package tours, the convenience factor offered by these websites will lead to growth. Additionally, internet gives users the a choice where they can evaluate an offer, compare the price and decide on the one that suit their demand. In the online retail space, absence of showrooms and high cost of transportation prevents those in tier 2 cities to access global brands thus increasing demand for online shopping.

### **Conclusion**

There is no one commonly agreed definition of E-Commerce has an impact on three major stakeholders, namely society, organizations and customers. There are a number of advantages, which include cost savings, increased efficiency. Customization and global marketplaces. There are also limitations arising from E-Commerce which apply to each of the stakeholders. These include information overload, reliability and security issues, cost of access, social division and difficulties in policing the Internet. In order to aid general understanding of E-commerce a number of frameworks have been introduced to explore it from different perspectives. These frameworks help identify the elements of E-Commerce and how business can better understand E-Commerce and its practical applicability. Mobile commerce is finding increased infiltration in ecommerce market. Mobile

transactions are increasing every year, the value of these transactions are estimated to be Rs 36,000 crore according to Forester research. According to Google India managing director India adds five million internet users a month which are mobile users. Recently Myntra decided to shut down its website and moved all its operations to its mobile app. Gartner says that digital business means co-petition; which means companies interact with competitors with partial congruence of interest. They cooperate with each other to work in same market to acquire global reach. In coming years more high profile mergers and acquisitions are expected to take place in digital commerce sector. Future of ecommerce looks promising because more and companies will be investing in small business startups.

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