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Impact of E-commerce on public sector organizations: With special reference to India post

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Abstract

The said research paper involves the study on the impact of e-Commerce on public sector organizations. Online commercial transactions are called "e-commerce." It is a relatively new concept but it has the potential to transform the traditional forms of conducting business. Already it affects large sectors such as the communications, finance and retail trade and holds premises in areas of education, health and government. The public sector organizations being pioneers in their niche market were also influenced by e-Commerce such that they incorporated it in their business policies defying the traditional ways of conducting commercial activities. The integration of e-Commerce and business has brought a renaissance in marketing functions. As it presents openings to get close to the client to bring the client inside the company to explore new product ideas and pretest them against real guests.

Keywords: E-commerce, public sector organization, PSUS, India post

Introduction

E-Commerce has transformed how business has been conducted in India. E-commerce is defined as "any form of business transaction in which the parties interact electronically rather than by physical exchanges or direct physical contact". (World Health Organization, World Bank Group *et al.*, 2014) ^[10]. The e-commerce sector has the potential to provide new, viable, consistent, and seamless purchasing experiences beyond all channels since it places an easy and appealing buying alternatives at the centre of what consumers want in business. In the last four years, while the e-commerce B2C segment has grown significantly leading to the creation of many Unicorns, the focus of the investors going forward seems to have shifted to profitable growth to achieve the stabilization of the economic model. India started liberalising its economy in the 1990s, which led to initiatives at general modernisation and information technology (Tarafdar & Vaidya, 2006) ^[9] and growth of the e-commerce business has been prompted by increasing internet and smartphone penetration in not only metro cities but also tier two and tier three cities of India. Mobile devices and smartphones are expected to drive sales based on e-commerce platforms for the upcoming years.

With the e-commerce space rapidly evolving, several challenges have surfaced primarily in areas of taxation, logistics, payments, internet penetration and skilled man power. In Taxation taking it as an example for problems, the lack of a uniform tax structure leads to several issues such as double-taxation or impediments in the free flow of goods across the country. The Goods and Services Tax (GST), however, is anticipated to assist in resolving these difficulties by providing a consistent tax structure. Clearly defined rules for e-commerce transactions in GST and a consultive approach while framing these rules will eventually be prove favorable to both the Government of India and e-Commerce companies. Logistics lies at the heart of e-commerce and a large number of third-party logistics service providers have entered this space to provide customized last-mile deliveries. In line with the trend for increased e-commerce uptake in tier two and tier three cities, e-commerce and third-party logistics service providers are partnering with players with existing framework in tier two and tier three cities like India Post to facilitate deliveries in those cities. However, the increasing logistics costs related to last mile deliveries, especially on account of return orders, requires innovative and analytical driven models that will enhance operational efficiencies in the logistics value chain. This will help e-commerce companies in their drive towards profitability.

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This research aims to study the effect of e-Commerce on public sector organizations with special reference to India Post.

Review of Literature

Mitra, A. (2013) ^[6]. E-commerce in India-A Review. International journal of marketing, financial services & management research. The use of electronic business or commerce goes beyond only sustaining or improving existing commercial practices. Instead, e-commerce represents a paradigm change. It's an innovative idea that is fundamentally altering the way that business has traditionally been conducted. Ecommerce is showing remarkable business potential in our country and expanding internet users have added to its growth. Ecommerce has helped online travel industry in numerous ways and added a new sales (Gangawane & Padole, 2018) ^[3] avenue through online retail industry in our country. The present study has been borne to describe the current situation and facilitators of E Commerce in India, break down the present trends of E-Commerce in India and examine the barriers of E-Commerce in India.

Kalia, P., Kaur, N., & Singh, T. (2018) ^[5]. E-Commerce in India: evolution and revolution of online retail. According to a study, India has the third-highest number of people who use the internet. Following Indonesia and China, India will be the region's leading force in electronic commerce. The factors that prevent India from ranking highly in worldwide retail e-commerce rankings are also discussed. To better comprehend the emergence of various forms of e-commerce in India, two kinds of successional occurrences are identified. Retailing online accounts for a major 50% of all B2C non-travel e-commerce, and its development prospects are quite promising. The information contained herein will be helpful for businesses and scholars in developing future plans to dominate and sustain the Indian e-commerce sector. Tarafdar, M., & Vaidya, S. D. (2006) ^[9] Challenges in the adoption of E-Commerce technologies in India: The ability of organizations to locate e-Commerce (EC) technology varies greatly. For businesses to develop effective management strategies, the organizational tendency to embrace EC technology needs to be separated.

Chawla, N., & Kumar, B. (2022) ^[20]. E-commerce and consumer protection in India: The emerging trend. This paper examines the existing Indian legal system that safeguards the interests of online customers considering the e-commerce industry's rapid expansion and emerging trends. A detailed examination of the two recently passed legislation, the Consumer Protection Act of 2019, and the Consumer Protection (E-commerce) Rules of 2020, as well as a review of the relevant literature assist the evaluation of 290 online customers in addressing the study's objectives. The key findings include that a safe and reliable system is necessary for e-business organizations to operate effectively, that making payments on delivery is the preferred method for online buying, and that accurate website content and good customer support services increase customer confidence. The new laws may be adequate to protect the rights of online shoppers and advance e-commerce in India. In addition to aspects like privacy, security, guarantee, client service, and website information, regulations governing the protection of consumer rights in e-commerce have an impact on customers' confidence. With a strong legal framework and

mechanisms for protecting consumers, expanding e-commerce appears to have great potential. The results add to the body of knowledge on e-commerce and protecting consumer rights by outlining the critical elements that have an impact on client loyalty and trust and providing an educational viewpoint. Consumer protection having wider ramifications in the Indian context.

Mohapatra, S. (2013) ^[7]. E-commerce Strategy. The invention of the Internet has changed our daily routines and how we used to communicate with one another and conduct business. Similar changes have been made to marketing, advertising, and promotional efforts by the Internet. In a similar vein, brand equity is largely impacted by the Internet. Web marketers have exploited the platform to establish distinct competitive advantages as a greater number of customers browse the web. Assisting with the establishment of brands via social media has altered the level of competition in the game. To build their brands in online markets, new businesses that have opened e-commerce websites competed with existing businesses using the e-commerce strategy. Using aggressive e-commerce activities, they were able to leverage their existing identities through the internet and replace them with novel ones to create a new brand.

Objectives of the study

Many e-Commerce business activities present different objectives to study. These may be specific and immediately measurable objectives as well as generic and complex objectives. The objectives that are being pursued in this research study which are commonly cited objectives of the impact of electronic commerce on businesses.

1. To explore the theoretical knowledge of e-commerce.
2. To learn about business models for e-commerce.
3. To examine how e-commerce impacts public sector businesses.
4. To study the impact of e-commerce on India Post and how they used the opportunity.

Research Methodology

The said present research study is based on the secondary data. Such secondary data is collected from various reference books and papers on e-Commerce, Mobile commerce, Economics, Commerce etc. For the research study, the secondary data is further gathered from the several National and International Research publications and Journals that are related to online business or e-Commerce and Internet business. In the present research study, the data pertaining to the following objectives were collected by the review of the literature on the subject concerned. The material was subsequently collected by visiting libraries and several related websites.

E-Commerce Models

The key step in developing an e-commerce solution is building and launching an online store. Choosing an e-commerce model is the first step in creating an e-commerce website. E-commerce may be divided into four types that vary among the people engaged in the transactions. These are as discussed below:

Business to Business (B2B) Model

According to reports, e-commerce's B2B Model is seeing the quickest growth (Crystallography, 2016) ^[1]. In the

business-to-business (B2B) paradigm, administrative operations like purchasing and ordering are carried out electronically. A few examples of trading items include company payments, professional assistance, manufacturing, and wholesale transactions. Business dealings among virtual organisations, both of which would or wouldn't have a physical reality, are also rather prevalent in the B2B paradigm. In such instances, only the Internet is used for commercial transactions. The primary benefits of the B2B model are its ability to successfully endorse the movement of production, procurement, and supply chain processes, as well as its ability to centralise corporate procedures to offer the appropriate goods and services swiftly and affordably.

Business to Consumer (B2C) Model

Business organisations and consumers transact with one another under the B2C concept. Any business entity that offers its goods or services to customers online is covered by this model. These websites provide users a database of product details from which to choose via an online catalogue. The B2C model also includes travel services, internet banking, and health information specific to the illness and patient in question.

Consumer to Consumer (C2C) Model

The C2C concept incorporates consumer-to-consumer interactions. Customers here transact business with one another and with other customers. There are internet auction platforms that provide users the chance to market and sell their things to other users online. But it's imperative that both the bidder and the seller sign up for accounts on the auction website. The buyer can place an offer without committing any fees, but the seller must pay a certain charge to the digital auction businesses in order to sell their merchandise. The online platform connects buyers and sellers to execute transactions for their goods. Any buyer may now explore www.ebay.com to look for the thing they want to purchase. However, if the customer stumbles across such goods, he or she makes an order for them from the eBay website. eBay also buys the item from the vendor and then promotes it to the customer, allowing for indirect transactions. Even if the sale or purchase is between two consumers, an organisation serves as the intermediary between each of the businesses - or, in this example, the purchaser and the seller - in the transaction.

Consumer to Business (C2B) Model

A customer and a business organisation undertake a transaction under the C2B paradigm. It is similar to the B2C concept, but differs due to the fact the business organization is the purchaser and the consumer is the retailer. In this type of transaction, the buyer rather than the seller determines the cost of a certain good. Individuals who sell goods and services to businesses are included in this list. Five additional models that feature connections between government agencies and other organizations, such as consumers, businesses, and other governments, are now being developed as an extra to the models that have already been discussed. E-governance is the term used to describe all these interactions between the government and the public.

Impact of E-Commerce on Business

E-commerce and e-business don't just involve websites, dot

com businesses, or the Internet. It's about a new business conception that incorporates all former business operation and profitable generalities. As similar E-Business and E-Commerce impact on numerous areas of business and disciplines of business management studies.

Management Information Systems

Analysis, design and perpetration of e-business systems within an association; issues of integration of front- end and back- end systems.

Human Resource Management

Almost forty percent of world population is using internet (Kalia *et al.*, 2017) ^[4], India has a total of 259.14 million internet and broadband subscribers (Nisha, 2019) ^[8] Issues of on- line recruiting, work from home and 'Intrapreneurs' works on a project- by- project base replacing permanent job holders.

Finance and Accounting

On- line banking; issues of sale costs; accounting and auditing implications where 'impalpable' assets and human capital must be tangibly valued in a progressively knowledge- grounded economy.

Economics

The impact of e-commerce on local and global economies; understanding the conceptions of a digital and knowledge-grounded economy and how these fits into profitable proposition.

Production and Operations Management

The impact of on- line processing has led to reduced cycle times. It takes seconds to deliver digitized products and services electronically; also, the time for processing orders can be reduced by further than 90 per cent from days to minutes. Production processes are connected with finance, marketing, and other operational structures as well as with customers and suppliers.

Marketing

E-business also covers the development of new market prospects via digital platforms. (Damanpour, 2001) ^[2]. Issues of on- line advertising, marketing strategies and consumer behavior and societies. Direct marketing is one of the areas it particularly affects. In the past this was substantially door- to door, home parties and correspondence order using catalogues or circulars.

Computer Sciences

Development of different network and computing technologies and languages to support e-commerce and e-business, for illustration linking front and back- office heritage systems with the 'web based' technology.

Business Law and Ethics

The different legal and ethical issues that have arisen as a result of a global 'virtual' market issues similar as copyright laws, privacy of client information, legitimacy of electronic contracts etc.

Impact of e-Commerce on public sector Organizations

The public sector organizations have also ventured into the e-Commerce boom just like the way Railways pioneered

online ticketing in India, the largest driving force behind the industry's adoption of e-commerce is public sector businesses, who are leading the charge for e-procurement. Companies like Metals and Scrap Trading Corporation (MSTC) and National Mineral Development Corporation (NMDC) are wagering high on the e-auctions and online trading by not only carrying out sales over the Internet but also undertaking procurement activities through online auctioning.

PSUs have actually led the way into e-Commerce adoption in the country. The various government departments and PSUs looking at procurement of raw materials need to be registered with the Finance Ministry and only online bids are to be taken into consideration. When this approach is widely adopted in India then in the next few years the bulk of government procurement would be carried out through e-commerce portals, such as an online process of online auction and reverse auction provides creditability for the buyer in the process. With the current traditional auction system, the industry was not getting the correct price due to which they considered switching to e-Commerce portals. It was also limiting the number of candidates in the auction and therefore giving chance for cartelization. NMDC last year adopted e-auctions for selling iron ore, diamonds and scraps and reverse e-auction for procurement processes. With this approach the NMDC have got larger number of bidders along with complete transparency to the whole process. NMDC is now trying to increase the share of e-auctions in its sales processes.

Despite all these benefits, industry leaders still believe that there are difficulties in e-commerce that are mostly related to payment issues. Fifty one percent of users do not even have a credit card when it comes to the use of the online option. There is also a huge supply chain weakness in the manner in which products are delivered to the consumers. The cyber laws and the contract laws in the country should incorporate issues about e-commerce.

Impact of e-Commerce on India Post

The boom in e-commerce deliveries has proven to be a big money maker for India Post, especially the surging cash-on-delivery consignments of the largest online retailers in the country, viz., Amazon, Snapdeal, Flipkart, Myntra, and other existing virtual business platforms. The postal department's revenues by ways of cash-on-delivery consignments from e-commerce majors had earned more than double in the financial year 2015-16 at Rs. 1,000 crores, up from Rs. 500 crores during the whole of 2014-15, and just Rs. 100 crores in 2013-14. In the recent years the revenues of India Post stood at ₹ 9530.9 crores from its e-commerce verticals between FY18 and FY20. According to the Ministry of Communications India Post earned Rs. 3415.35 crore from non-traditional sectors like e-Commerce and payments during 2017-18, Rs. 3051.55 crores in 2018-19, and Rs. 3064 crores in 2019-20. Till January 21, 2021 in the FY21 the earnings from these channels stood at Rs. 1565.71 crores. A more detailed data on the earnings of India post is illustrated with Table 1 and Figure 1.

Table 1: The earnings of India post

Years	Earnings from e-Commerce	Earnings from other sources	Total Earnings
2014-15	500	11135	11635
2015-16	1000	11939	12939
2017-18	3415	8096	11511
2018-19	3051	10431	13482
2019-20	3064	5475	8539

Source: Secondary data

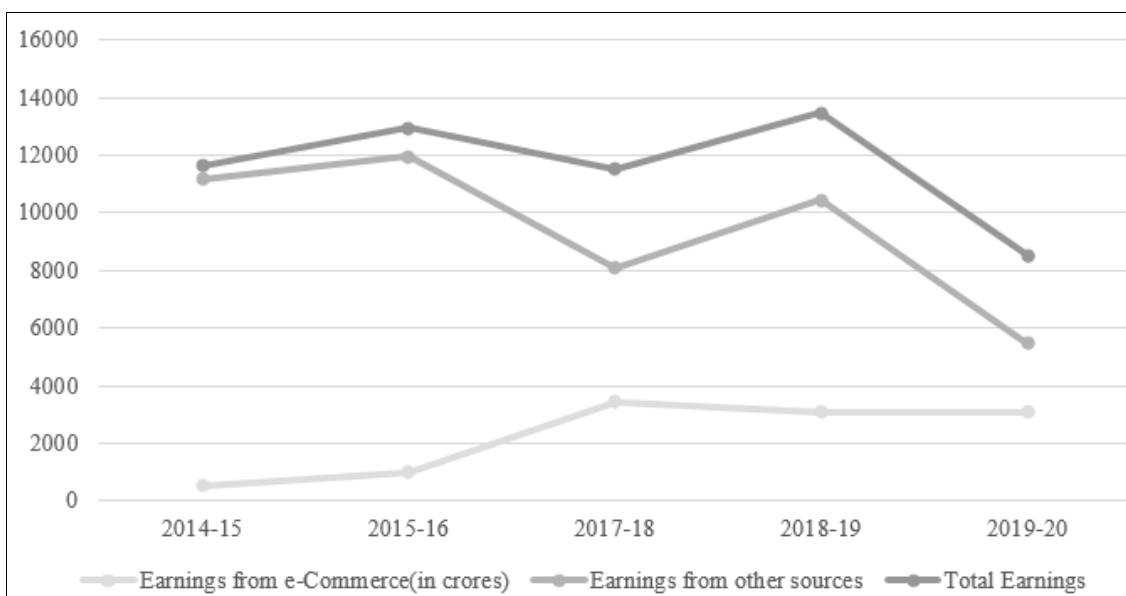


Fig 1: Graphical representation of the earnings of India post

The distributions are mostly made to Tier II cities and areas of the remote heartland, in which India Post has unmatched coverage. The incremental e-commerce revenue boost is at

the heart of plans to revive the fortunes of India's postal service. Average monthly consignments from the department's top six e-commerce customers were up over

six-fold in the recent years primarily on account of a big surge in Amazon's deliveries, which have sharply jumped up from just 50,000 to more than 5 lacks consignments. The new facet is cash-on-delivery. India Post has become the premium courier service for e-commerce, so that is a definite improvement in its operations.

With 1.56 lakh post offices, 1.25 lakh of which are in rural areas, India Post is also seeing a sharp uptick in the parcel business, including the e-commerce business, including the e-commerce business of Speed Post. There are local products such as Madhubani paintings of Bihar which are doing great on these deliveries. India Post is profiting from delivering handicrafts and artisans. About 65 percent of the catchment area is small towns for e-Commerce.

Over the last few years, India Post has partnered with online retailers, introduced COD facilities, and offered e-commerce companies credible end-to-end connectivity, even in rural areas. To manage the e-commerce congestion, India Post established 57 sophisticated delivery centres.

Conclusion

The e-commerce business is primarily driven by ongoing innovation and technology-led strategies, and these are anticipated to continue in the years to come. The impact of e-Commerce on public sector organizations provided with the fact that they were pioneers in adopting e-Commerce in India which proved to be profitable to various public sector organizations but are faced with various challenges in e-Commerce. Due to infrastructural issues and widespread computer ignorance, Indian e-commerce encounters several challenges when it comes to online marketing. PSUs like Indian Post are benefitted from the business opportunities from e-Commerce with its reach to various parts of the country. Therefore, the e-Commerce space has evolved from the business from various kinds of businesses of which the public sector organizations has played a major role and continues to maintain a mutual relationship with e-Commerce which has benefitted both e-Commerce and the PSUs.

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