



# International Journal of Advance Engineering and Research Development

Volume 5, Issue 04, April -2018

## E-BUSINESS IN INDIAN PERSPECTIVE

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**Abstract:** E-business (electronic business) derived from terms as “email” and “ecommerce” is the direct of trade on the computer network, not only purchasing and offering also helping customer and cooperate with the commodities confederate. E-business contains e-commerce but also protects inner operations such as production, inventory management, item development, risk management, fund, knowledge management and human resources. E-business strategy is more complex, more focused on inner operations, and aimed at cost savings and increase in efficiency, productivity and cost savings. Electronic Business is more than just purchasing and offering items online. It also contains the entire online operation of developing, marketing, selling, shipment, servicing and paying for items and helps. India is displaying importance growth in the E-business. India has a worldwide network user base of over 100 million customers. The capacity of e-business is low compared to stores like the US and the UK but is growing at a much faster rate with a large number of new associations. India is yet to witness a breakthrough E-commerce success story particularly in computer network retail. E-commerce creates new chances for trades; it also creates new chances for education and academics direction. There are many major problems and impairment on the way of a computer network merchant. Factors like risk of injury and security of online money transformation being the largest problem along with others have restrain the smooth increasing of the online sector in the nation. In the backdrop of all these developments the present paper makes an attempt to: make prominent the challenges of e-commerce in Indian banks, and to comprehend the matter of discussion of e-commerce in Indian banks.

**Keywords:** e-business, e-tailing, e-commerce, ERP, ASP, Electronic commerce, Challenges, Issues and Banks

### I. INTRODUCTION

"E-business" is defined as the application of information and communication technologies (ICT) which support all the activities and realms of business. E-business focuses on the use of ICT to enable the external activities and relationships of the business with customers. Electronic business methods enable enterprises to link their internal and external data processing systems more efficiently and flexibly and serve better to the needs and expectations of their customers. E-business uses web-based technology to improve relationships with customers. It is widely accepted today that new technologies, in particular to the Internet, modify communication between the different parties in the professional world, viz:

- ❖ Relationships between the company and its clients,
- ❖ The internal functioning of the company, including company-employee relationships,
- ❖ The relationship of the company with its different partners and suppliers.

The term "e-Business" refers to the integration, within the company, of tools based on ICT to improve their functioning for the company, its clients, and its partners. E-Business no longer only applies to those companies all of whose activities are based on the internet, but also to traditional companies. The term eCommerce, which is frequently mixed up with the term e-Business, although, only covers one aspect of eBusiness, i.e. the use of an online support for the relationship building between a company and clients. The impact of e-business is not only important with respect to company and client relationship but also to improve performance and efficiency within the company. Local Area Network (LAN) helps building faster communication within the company leading to saving high cost and precious time. One of most effective tool globally adapted by many organizations is developed by SAP AG, Germany, commonly known as SAP. The SAP

- ❖ Allows easier global integration
- ❖ Updated once only and implemented company-wide
- ❖ Provides real-time information
- ❖ Creates better efficient work environment for employees

### GOAL OF E-BUSINESS

The goal of any e-Business can be summarized as below:

**An increase in margins,** a reduction in production costs which in-turn an increase in profits. E-Business makes it possible with a number of different ways:

- ❖ Positioning on new markets
- ❖ Increasing the quality of products or services
- ❖ Prospecting new clients
- ❖ Increasing customer loyalty
- ❖ Increasing the efficiency of internal functioning

**Increase in staff motivation.** It marks a great deal of motivation in transition from a traditional activity to an e-Business activity using:

- ❖ The overall strategy is to create transparency for the employees and favors a common culture
- ❖ The mode of functioning is that the players assume responsibilities
- ❖ Teamwork which favors improvement of competences in employees

**As a result of customer satisfaction.** As a matter of fact, e-Business favors:

- ❖ a drop in prices in connection with an increase in productivity
- ❖ improved listening to clients o products and services that are suitable for the clients' needs
- ❖ a mode of functioning that is transparent for the user

**Privileged relationships with the clients.** The creation of communication with the client:

- ❖ Increased relationships with each other
- ❖ Increased responsiveness and anticipation
- ❖ Resources sharing which is beneficial for both

An e-Business not only adds value to the company, but also to its clients, and employees.

## **II. MODE OF ACCESSING THE BUSINESS**

**Single View of Customer Mode** of accessing the business, there is only one customer. Businesses need all information regarding a customer and develop a holistic view of the customer. This includes access to all products and services used by the customer to provide opportunities for cross-selling of products and services.

**Multiple Access Channels** While use of the Internet as the point of contact with the customer as distinguished from the traditional channels, businesses are increasingly finding that customers are using multiple channels to satisfy their needs includes the Internet, handheld devices like mobile communication devices, cell phone, and set-top boxes for cable.

**Integrating the Enterprise** - There is a need to integrate all these applications to the fullest possible extent to allow for fast and accurate performance of business functions.

**The World Wide Web** Customers are using multiple access channels, the boundary less nature of the Internet opens up the entire world as a potential market for one's business. While this is a very attractive proposition, it throws up challenges of the kind few businesses have had to contend with in the past

**The Entire Value Chain** While many of the aspects thus far have focused on the interaction between the customer and the enterprise, the remaining interactions between the business and its partners and employees also need to be considered

**Security and Privacy** A successful business is its ability to establish an environment of trust between its customers and itself. The Internet has renewed fears about this traditional issue by creating the impression that the Internet is an unregulated jungle in which evil-minded hackers roam free with the power to tap into information databases and eavesdrop on transactions between the customer and the business.

**Leveraging the Legacy Applications** Some of the biggest initiatives in the field of E-business have recently come from old, traditional companies like Ford, GM, and GE. Most of these companies already have billions of dollars invested in their current systems and they would like to leverage this investment as a part of their strategy to move into the Ebusiness space.

**Scalability, Availability, Flexibility, and Reliability** E-businesses architecture must provide the ability to start small and grow rapidly to meet business needs. The electronic storefront and the associated channels are the modes of contact with the customer and, hence, reliability of these applications is vital. They have to be 365x24x7. There are more variations on each theme than we could possibly imagine the majority of e-business opportunities fall into one of five categories:

- 1. Selling goods online:** E-commerce, or electronic commerce, is one subset of e-business. It involves buying and selling hard goods, electronic goods or services over the Internet. When people think about doing business on the Internet is good, old-fashioned trade. Selling goods online is probably the simplest way by that we can start an e-business.
- 2. Service Companies:** The Internet can be used for a lot more than just selling products. Companies are now moving toward service-oriented models, using the Internet as a delivery vehicle to provide services to consumers and to other businesses-including many services that weren't possible before the Internet revolution and the technology accompanying it.
- 3. Distance learning:** In the old days, when a company wanted to train its employees, it had to send them to an off-site location, pay for accommodations, and lose a day or two of productivity for each employee. Now it's possible for employees to get training on demand, right at the desktop, delivered via the Internet.
- 4. Telecommunications:** Since deregulation, telecommunications has blossomed, and the competitive marketplace has opened up. There are plenty of opportunities for the Internet entrepreneur here, from simply selling telecom equipment and services to becoming a link in an Internet telephony network. Internet telephony, a new type of technology that allows to place long distance calls over the Internet at very low cost, is an area with lots of potential for service-oriented companies.
- 5. Information and content provider:** The World Wide Web has turned publishing on its ear, giving the opportunity to create a publication without having to invest in printing presses, ink or paper.

### III. E-COMMERCE IN INDIA

India is developing rapidly and if development is to be measured, how can we ignore the role of e commerce in it. The internet user base in India might still be a mere 100 million which is much less when compared to its penetration in the US or UK but it's surely expanding at an alarming rate. The number of new entrants in this sphere is escalating daily and with growth rate reaching its zenith it can be presumed that in years to come, customary retailers will feel the need to switch to online business. Insights into increasing demand for broadband services, rising standards of living, availability of wider product ranges, reduced prices and busy lifestyles reveal this fact more prominently thereby giving way to online deals on gift vouchers. Going by the statistics, the E commerce market in India was worth about \$2.5 billion in 2009. It rose to \$8.5 billion by 2011 thus depicting a definite surge in the last two years. According to a statement released by the Internet and Mobile Association of India (IAMAI), these figures would reach up to \$12 billion by 2012! To understand this scenario, we can divide E-commerce into three broad categories which include physical services, physical goods and virtual goods. Another category that is gradually making its mark is the local commerce (couponing, yellow pages, classifieds etc.) which offers significant overlaps with E-commerce. The 1st category of physical services is definitely the major contributor which includes travel ticketing, jobs, matrimonial and event management websites with travel sites accounting for 75% of all Ecommerce industries! It provides attractive deals too. The 2nd category of physical goods is the one currently gaining considerable attention, thanks to the hype created by new startups/stores being launched daily.

Leaders in this division are Flipkart, Infibeam, Homeshop18, Indiatimes, Naaptol, Letsbuy etc. each of which offers everything from mobile phones to pet food. The 3rd and final category of virtual goods and gift vouchers like online music, software's, movies, games, Taj Hotel gift vouchers, Reebok gift vouchers, Pizza Hut gift vouchers etc. have been relatively lagging behind in India as compared to Europe and America, primarily due to piracy concerns and the social perspective of Indians. But the scenario is expected to change with the digital downloads segment expected to grow in the Indian Ecommerce market due to the explosion of mobile devices and the services available over the Internet at special discounts. Certain unique attributes of the E-commerce industry in India such as cash on delivery mode of payment and direct imports that lower costs considerably are probably going to bring about a speedy growth in this industry in years to come.

### IV. E-COMMERCE AND BUSINESS FOR CUSTOMERS

#### ADVANTAGES IN E-COMMERCE:

**Convenience:** Every product is at the tip of your fingers on the internet, literally. Type in the product you are looking for into your favorite search engine and every option will appear in a well-organized list in a matter of seconds.

**Time saving:** With e-commerce there is no driving in circles while looking and digging in hopes of finding what you need. Stores online offer their full line as well as use warehouses instead of store fronts—products are easy to locate and can be delivered to your door in just days.

**Options, options, and options:** Without driving from store to store the consumer can easily compare and contrast products. See who offers the best pricing and have more options to choose from. While a physical store has limited space, the same store on the internet will have full stock.

**Easy to compare:** Side by side comparisons are readily available and easy to do. When products are placed online, they come with all the specifics, and they want you to compare them with others, know they have the best options and come back for more!

**Easy to find reviews:** Because the competition is high, companies' online want you to look at other consumer reviews. Good and bad reviews are on every site, not only can you see if the product is liked, you can also see the reasons behind the thumbs up or down.

**Coupons and deals:** With every online business wanting you, more and more coupons and deals can't be avoided, which are totally great for customers. With major sites that act as department store, you may find items up to 80% off. Take advantage of the competition and find the best price available.

### ADVANTAGES IN E-BUSINESS:

**Increasing customer base:** The customer base is every business's main concern, online or off. When online, a business doesn't have to worry about getting the best property in town, people from around the world have access to their products and can come back at any time.

**Rise in sales:** By not managing a storefront, any business will have more sales online with a higher profit margin. They can redistribute money to make the consumer shopping experience faster and more efficient. While being available to international markets, more products will sell.

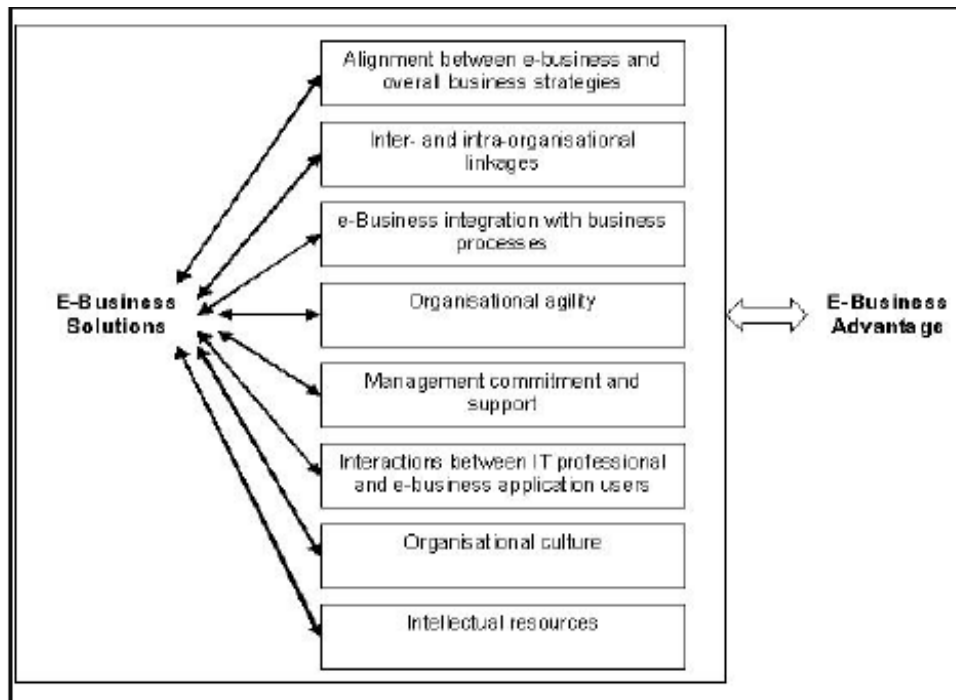


Fig.1.E-Business Framework Components

**24/7, 365 days:** If it's snowing and the roads are closed, or it's too hot and humid to even step outside in the summer, or a holiday that every store in town closes, your online business is open for consumers 24/7 every day of the year. The doors never close and profits will keep rising.

**Expand business reach:** A great tool on the internet is...translation! A business online does not have to make a site for every language. With the right marketing, every consumer around the globe can find the business site, products and information without leaving home.

**Recurring payments made easy:** With a little research, every business can set up recurring payments. Find the provider that best suits your needs and billing will be done in a consistent manner; payments will be received in the same way.

**Instant transactions:** With e-commerce there is no more waiting for the check to clear or a 30- day wait for certain other types of payment. Transactions are cleared immediately or at most two to three days for the money to clear through the banking system.

### CHALLENGES OF E-COMMERCE IN INDIAN BANKS:

The e-commerce industry in India is growing at a remarkable pace due to high penetration of internet and sophisticated electronic devices. However, the recent growth rate of e-commerce in India is far lagging behind than other developed countries. There are many big problems and challenged on the way of an online merchant. Factors like safety and security of online money transaction being the biggest problem along with others have curbed the smooth expansion of the online industry in the country. Although, major portion of e-business sectors have affected by the below mentioned challenges but still there are few online giants like Makemytrip.com, flipkart.com, Snapdeal.com who have overcome the challenges and represents the perfect growth trends of e-commerce in India.



Fig.2. Challenges of E-Commerce in Indian Banks

**Poor Knowledge and Awareness:** When it comes to ratio of internet consumers, scenario is not so admirable one. Majority of Indian rural population are unaware of internet and its uses. Surprisingly, most of internet savvies or urban populations are also suffering from poor knowledge on online business and its functionalities. Very few are aware of the online corruption and fraud and thus darkness still exists. A reliable survey reveals that 50% of Indian online users are unaware of the solution of online security.

**Online Transaction:** Most of Indian customers do not possess plastic money, credit card, debit card and net banking system, which is one of the prime reasons to curtail the growth of ecommerce. Nevertheless, in recent years, some of the nationalized banks have started to issue debit cards to all its account holders. This is undoubtedly a positive sign for Indian online entrepreneurs.



**Cash on Delivery:** Cash on Delivery (COD) has evolved out of less penetration of credit card in India. Most of Indian E-commerce companies are offering COD as one of mode of payment for the buyers. 30%-50% of buyers are also taking advantage of this mode of payment while making purchase of any product and service over internet. COD has been introduced to counter the payment security issues of online transaction, but this mode has been proving to be loss and expensive to the companies. It is seen that majority of the customers denied to make the payment at the time of delivery of the product. Hence, companies tend to lose the sale along with product transit fees. In order to curb the problem of COD, online companies should take some judicial steps; otherwise basic logic behind the ecommerce business will be at risk.

**Online Security:** In case of startup and small business, Business owners are ignoring the importance of authentic software due to budget constraints. They are even failing to take the initial steps to secure and protect their online business through installation of authentic protection services like antivirus and firewall protection, which indeed a crucial step for successful online business players. In India, maximum number of business entrepreneurs used unauthorized software in their server, which usually does not come with upgraded online security. Such pirated software leaves room for virus, malwares and Trojan attacks and it is highly risky task to make online transactions in the systems, which may disclose or leak sensitive details of credit cards and online banking of the users. These kinds of droopiness should be banned in Indian ecommerce sectors. Affiliation to SSL certificate should be imposed as a mandatory action for every owner.

**Logistics and Shipment Services:** In India, logistics and courier services required lots of improvement. While, perfect and strong logistics service is one of the key reasons behind the success of any online company, India is lagging far behind in this sector as most of the town and small villages are still not covered under serviceable area of many of the courier and logistic companies. Ecommerce is hampered in a big way owing to the limited services offered by the courier service companies.

**Tax Structure:** Tax rate system of Indian market is another factor for lesser growth rate of ecommerce in India in comparison to other developed countries like USA and UK. In those countries, tax rate is uniform for all sectors whereas tax structure of India varies from sector to sector. This factor creates accounting problems for the Indian online business companies.

**Fear factor:** Fear of making online payment is a universal psychological factor of Indian customers. With the spread of knowledge on online transactions and its reliability, some percentages of customers have overlooked this fear and they are fearlessly engaging themselves in online shopping. But still, majority of customers are not aware of online transactions and its security. They often reluctant to disclose their credit card and bank details and preferred to stay away from online world of shopping.

**‘Touch and Feel’ factors:** Indian customers are more comfortable in buying products physically. They tend to choose the product by touching the product directly. Thereby, Indian buyers are more inclined to do ticketing and booking online in Travel sectors, books and electronics. Companies dealing with products like apparel, handicrafts, jewellery have to face challenges to sell their products as the buyers want to see and touch before they buy these stuffs.

## **V. 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, (i.e. without any prior approval of the Ministry of Commerce and Industry) upto a certain limit or fully, in most sectors. In July 2000, vide Press Note No. 7 (2000 Series), the Government has also allowed 100% FDI in e-commerce activities. However, this investment is subject to the following conditions:

- i). FDI is allowed only in companies engaged in B2B e-commerce activities and not in retail trading; and
- ii). 26% of the FDI has to be divested in favour of the Indian public within a period of five years, if the companies are listed in other parts of the world.

Therefore, companies engaged in B2C e-commerce activities cannot obtain FDI on an automatic basis. They would have to seek prior approvals from the Foreign Investment Promotion Board under the Ministry of Commerce and Industry, which would consider such applications on a case-to-case basis. 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. Increase in the Cyber crimes in e-commerce is causing concern among the credit card users in India. Now, the government has opened Cyber Crime Police Station. Online complaints can be filed for both cyber and Non Cyber crimes, through an online form which is

available at <http://www.bcp.gov.in/english/complaints/newcomplaint.asp> to accept complaints filed with digital signatures. The Government of India has decided to impose service tax on e-commerce transaction and that will result in making the net shopping expensive. The following are some pathways to enhance “Online Customers” in India:

- ❖ Goods should have value for the customer along with quality.
- ❖ Security is promised.
- ❖ Selling Brand articles.
- ❖ Establishing trust and winning confidence.
- ❖ Providing easy guidance
- ❖ Clear information regarding delivery time.
- ❖ Articles ordered and the article delivered should not vary.
- ❖ Giving discount offer and other gift items.
- ❖ Limited personal information.
- ❖ Providing value added service at lower prices.
- ❖ Full information regarding the product is simple words.
- ❖ Innovative products.
- ❖ Social shopping phenomenon.
- ❖ Providing price comparison.
- ❖ Transparent information regarding the product.
- ❖ Indian customers want to buy things that do not cost them much.

## **V.CONCLUSION**

The bursting of the dotcom bubble has made several companies apprehend that doing business on the Internet is not as easy as it sounds. Undoubtedly, the power of the Internet to reach any part of the world holds terrific potential for enhancing international trade and boosting global economy. However, just as every coin has a flip side; it has been observed that doing business on the Internet also has risks and legal issues associated with it. 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 where it is simply unclear how these laws will apply. In the midst of this legal turmoil, India is one of the few countries across the globe that has enacted an 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. Although the Internet is a goldmine, without adequate legal protection, it could become a landmine. Nevertheless, with the rapid expansion of internet, e-commerce is set to play a very important role in the 21st century, the new opportunities that will be thrown open, will be accessible to both large corporations and small 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, basic rights such as privacy, intellectual property, prevention of fraud, consumer protection etc are all taken care of.

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