



Special Issue

“(Global Partnership: India's Collaboration Initiatives for Economic and Social Growth)”

E-commerce as a new trend in Indian economy (the need of the modern era)

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Abstract

E-commerce has created a new environment in business transactions using Internet. Electronic commerce generally refers to all forms of transactions relating to commercial activities, involving both organizations and individuals that are based upon the processing and transmission of digitized data, text sound and visual images. Electronic commerce can be seen as the engine of the new economy without e-commerce the necessary technology and culture would not exist to fuel it. E-commerce has attracted many businesses because of its ability to make them more efficient. It eliminates the hassle of manually monitoring the request and orders of customers over the telephone, thereby freeing employees to engage in other tasks.

Keywords: e-commerce, internet, digital information, business transactions

Introduction

Electronic commerce commonly known as e-commerce is a type of industry where the buying and selling of product or service is conducted over electric systems such as the Internet and other computer networks.

E-commerce is the use of electronic communication and digital information processing technology in business transactions to create transform and redefine relationships for value creation between or among organizations, and between organizations and individuals.

E-commerce has created a new environment in business transactions using Internet. It deals with providing information to the consumers regarding products of their internet. It provides a platform of advertisement of products, allows negotiations, order for raw materials, settlement of financial transactions etc.

Types of e-commerce

The several types of e-commerce models in use today are classified based on the nature of the interaction with players are

1. Business to Consumer (B2C)
2. Business to Business (B2B)
3. Consumer to Consumer (C2C)
4. Consumer to Business (C2B)
5. Business to Employee (B2E)
6. Business to Government (B2G)

Business to Consumer (B2C)

Business to consumer businesses sell directly a diverse group of products and services to customers. B2C e-commerce between companies and companies involves customers gathering information purchasing physical goods and for information goods, receiving products over an electronic network.

B2C e-commerce reduces transactions costs by increasing consumer access to information and allowing consumers to find the most competitive price for a product or services.

Business to Business (B2B)

- Business to Business e-commerce holds electronic transactions among and between businesses.
- Business to business environment, purchase, orders, invoices, status, shipping logistics and business contracts handled directly through the network result in increased speed, reduced errors and cost savings.
- Application Service providers development hosting and management of packaged software from a central facility.

Consumer to Consumer (C2C)

Consumer to Consumer transactions is becoming more to more common. Business involved in C2C e-commerce plays the role of intermediaries, helping individual consumer to sell or rent their assets by publishing their information on the website and

facilitating transactions. Individuals sell a wide variety of service product on the web or through auction sites such as ebay.com through classified ads or by advertising.

Consumer to Business (C2B)

Consumer to Business is the electronic commerce business models in which consumers can offer product and service to companies, and the companies pay the consumers. C2B modal that is the opposite of B2C used by portals that allow an individual person to publish an offer addressed to multiple sellers. Seller may view offers and take responsibility for them.

Business to Employee (B2E)

Use of electronic means of communication to communicate with employees e.g. the Internet, remote working. One of the mains goals of business to employee is to improve employee is to improve employee satisfaction and retention. When employee is disengaged or unhappy with their work environment, it can lead to lower morals and higher turnover rates, which can be costly and disruptive to a company operation.

Business to Government (B2G)

Business to Government (B2G) is sale and marketing of goods and service to federal state or local agencies. For example, a government agency might purchase office supplies or equipment from a business, or contact with a business to provide service such as consulting or it support.

Advantages of e-commerce

The advantages of e-commerce can be enumerated in following categories.

Advantages to customers

- a) **Reduces prices:** Costs of product are reducing since stages along the value chain are decreased. For example, intermediaries can be eliminated by the company directly selling to the consumer instead of distrusting through a retail store.
- b) **Global marketplace:** Consumers can shop anywhere in the world. Currently according to the World Trade Organization there are no custom duties put on products bought and traded globally electronically. This also provides wide selection on product and service to consumers.
- c) **24-Hours access:** Online business never sleep as opposed to brick and mortar businesses. E commerce allows people to carry out businesses without the barriers of time or distance. One can log on to the internet at any point of time, be it day or night and purchase or sell anytime one desire at a single click of the mouse.
- d) **More choices:** Electronic commerce provides consumers with more choices. For example, before making any purchase, customers can study about all the major brands and features of any item. It also provides consumers with less expensive products and service by allowing them to shop in many places and conduct quick comparisons.

- e) **Quicker delivery:** E-commerce allows quick delivery of products and services especially with digitizes products.
- f) **Information:** Consumers can receive relevant and detailed information in seconds, rather than in days or weeks.

Advantages to business

1. **Increased potential market share:** The Internet enables businesses to have access to international markets thereby increasing their market share. Companies can also achieve greater economies of scale.
2. **Low-cost advertising:** Advertising on the internet costs less than advertising on print or television depending on the details and extent of the advertisement. A company can still spend a lot on advertising on the Internet if the company hires an external party to create their advertisements but advertising on the internet itself is less costly since there is less cost associated with it in terms of printing and limited television spots.
3. **Low barriers to entries:** Anyone can start up a company on the Internet. Startup costs are lower for companies since there is less need of money for capital.
4. **Strategic benefit:** The strategic benefit of making a business e-commerce enabled is that it helps reduce the delivery time., labor cost and the cost incurred in the following areas:
 - Document preparation
 - Error detection and correction
 - Reconciliation
 - Mail preparation
 - Telephone calling
 - Data entry
 - Overtime
 - Supervision expenses

Disadvantages of e-commerce

The disadvantages of e commerce can be divided into two categories:

Technical limitations

- **Lack of security:** There is a lack of system security, reliability standards, and some communication protocols.
- **Low bandwidth:** There is insufficient telecommunication bandwidth.
- **Needed more application tools:** It is difficult to integrate the internet and electronic commerce software with some existing applications and database. Vendors may need special web servers and other infrastructures in addition to the network's servers.
- **Incompatibility:** Some electronic commerce software might not fit with some hardware, or may be incompatible with some operating systems or other components.

Non-technical limitations

- **Cost and justification:** The cost of Developing electronic commerce in – house can be very high, and mistake due to lack of experience may result in delays. There are many

opportunities for outstanding, but where and how to do it is not a simple issue.

- **Security and privacy:** These issues are especially important in the B2C area, especially security issues that are perceived to be more serious than they really are when appropriate encryption is used. Privacy measures are constantly improved. Yet the customers perceive these issues as very important, and the electronic commerce industry has a very long and difficult task of convincing customers that online transactions and privacy are, in fact, very secure.
- **Lack of trust and user resistance:** Customers do not trust an unknown faceless seller. Paperless transactions, and electronics money. So, switching from physical to virtual stores may be difficult.
- **Customers relations problems:** An e- business cannot survives over the long term without loyal customers.

Conclusion

E-commerce plays a vital role now a days. The number of people who are using ecommerce websites has widely increased. The introduction of smart phones has further accelerated the usage of ecommerce websites for purchasing. E commerce offers its customers a huge number of merits starting from wide comparability of the products time saving, and quick delivery of products and offers discount to the customers. Internet and smart Phones has really changed the way we make purchase.

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