



Future Prospects of E-Commerce in India

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Abstract— In the present globalization era, adoption of Electronic-Commerce by India is becoming significant as it is replacing the traditional system of doing business transactions by E-transactions. In this way E-Commerce is enabling India to trade it with other countries with more efficient manner. E-Commerce has an excellent potential to improve efficiency and productivity in many areas and, therefore, has received significant space in India. E-commerce includes any form of business transaction or information exchange processed using information and communication technologies. E-commerce is not only restricted to buying and selling over the Internet, but it is also covers transferring or exchanging products, services and information via computer networks. E-Commerce involves conducting business on line by using modern communication instruments. It includes activities such as servicing customer online, collaborating with business partners and exchanging business documents within an organization over the Internet. E-Commerce provides multiple benefits to the consumers in the form of availability of goods at lower cost, wider choice and save times. E-commerce may offer excellent opportunities for growth in every sector in India, despite the current limitations with the existing infrastructure and other issues related to the economical conditions. (Abstract)

Keywords- commerce; e-commerce; globalization; information technology;

I. INTRODUCTION

The Indian economy has seen a consistent growth in E-Commerce of 7-8% per annum in recent years. Growth in the Internet over the last few decades has led to great impact on communication and research in the institutes in India. Now the internet can be accessed from anywhere around the world. Thus an E-Commerce site can enter a global market space. Now E-Business can be conducted 24 x 7. Customers in India can now buy whenever, whatever and from wherever they want. This has increased choices. E-commerce enables fast delivery of on-line demanded products. Via the internet, customers can receive more information about the product and make a more informed decision. E-commerce has helped the business concerns to cut costs. Present article aims to assess the future prospects of E-Commerce in India, and its relevance by assessing the adoption level, benefits experienced, negative outcomes and problems encountered due to transacting the business through electronically.

E-Commerce stands for electronic commerce and pertains to trading in goods and services through the electronic medium,

i.e. the Internet or phone. On the Internet, it pertains to a website, which sells products or services directly from the site using a shopping cart or shopping basket system and allows credit card payments. E-Commerce often is defined narrowly to refer to using the Internet to market and sell goods and services. E-Commerce is, however, much broader and includes the electronic exchange of information, goods, services, and payments and the creation and maintenance of web-based relations. E-Commerce may be involved in the design, finance, production, marketing, inventory, distribution, and service aspects of a business' activities. As such, the use of e-commerce by a firm has the potential to both increase revenues from sales as well as significantly decrease costs through greater efficiencies of operation.

In present scenario E-Commerce is playing very essential role in the online business. Although it is one of the best & cheapest intermediate for reaching out to new customers in the online market, if E-commerce implemented effectively, it also offers a smart way of doing online business & expanding it more. Today E-Commerce is a byword in Indian society and becoming an integral part of our daily life. There are websites providing any number of goods and services. Then there are those, which provide a specific product along with its allied services. An online business E-Commerce podium is planned and implemented to make the most of its reach to potential customers and provide them with a convenient, satisfying & protected shopping experience. Traditional or brick-and-mortar businesses are primarily product-centric, usually competing on the basis of product differentiation and innovation. In contrast, E-businesses focus on customers and adopt a customer-centric-approach.

In the traditional way of doing business, companies manufactured products and customers purchased them. But now customers are active participants in the product design process; in fact, they often dictate terms to manufacturers and decide the features of products. The increasing use of the electronic media to conduct business and government transactions, and the increasing popularity of the Internet among individual customers has forced organizations to digitize their operations. Emerging e-business and mobile technologies and the greater availability of broadband telecommunications have catalyzed their transformation into e-enabled organizations.

The use of high-speed Internet among communities and the proliferation of electronic commerce among businesses create both opportunities and challenges for businesses in small towns



and rural areas. On the one hand, E-Commerce may reduce many of the disadvantages associated with an isolated location by decreasing marketing, communication, and information costs and increasing access to lower cost suppliers and services. On the other hand, geographically isolated businesses may find increased competition for their "local" or "traditional" customers from nonlocal Internet businesses.

E-Commerce activities generally are classified as business-to-business (B2B) or business-to-consumer (B2C). Business-to-business E-Commerce refers using the Internet to facilitate supply-chain operations and include electronic data interchange (EDI), electronic funds transfer, electronic forms and messaging, and shared databases. Business-to-consumer E-Commerce uses the Internet as a retail market channel and in the case of information as a product or service delivery channel.

II. BENEFITS OF E-COMMERCE

Most businesses use E-commerce because it provides the opportunity for increased profits (through higher sales or lower costs) and thus enhanced sustainability of the firm. E-Commerce has the potential to significantly improve the efficiency of operations in all phases of the business' supply chain. E-commerce may benefit a firm in product design, supply and inventory management, production, marketing, sales and distribution, and customer service

Many businesses adopt an e-commerce business plan because it provides the owner greater flexibility in terms of operating location and hours. That is, e-commerce may present an individual with the opportunity to be a "lifestyle entrepreneur" and locate the business where the entrepreneur wants to live. For some individuals this enhanced flexibility might result in a move, but in many cases E-Commerce permits entrepreneurs to remain in place and benefit from proximity to family or other local assets.

At present, more and more small businesses are incorporating E-Commerce platforms as part of their business systems. With the advent of the internet and smart phones, it is now easier than ever to integrate a workable solution that will work for many people. Here are just too many advantages for integrating an E-Commerce system. Below are the main ones.

A. Enhanced Turnover

Business profits can be increased by increasing revenue through stronger sales or by decreasing the costs associated with constant sales. According to reliable statistics, there has been a tremendous increase in online sales over the last couple of years. It is estimated that the revenue of a business that incorporates an e-commerce platform can increase by twice. This is attributed to the fact that most people prefer the ease of access and convenience that comes with e-commerce platforms.

B. Increase in Number of Customers and Customers Satisfaction

It is clear that e-commerce brings in a lot of convenience in terms of payments. This therefore automatically invites more customers and also impulse buyers. The fact that the online payment system may accept different modes of payments makes it easier for the small business to get customers of diverse backgrounds. Customer service can be provided before the sale by making it easy for the shopper to find what they want or after the sale in terms of addressing order returns, repairs etc. The company website can be helpful in providing both before- and after-sale service. Website provides services to potential customers in the form of extensive information on product features, product details and specifications, reviews by consumers, comparisons to alternative products available, and accessories for the product. The company's website contains thousands of pictures of tools and parts and accessories to assist the customer after the sale. Via the internet, customers can receive more information about the product and make a more informed decision. Greater information leads to more confidence to make a purchase decision. More information also leads to enhanced customer satisfaction because the customer has a better idea about how to use the product. Further, e-commerce enables customization of products so that customers can have a product that suits their exact needs

C. Better Customer Relationship

For many businesses dependent upon the tourism industry, an e-commerce site provides a way to maintain and even strengthen customer relationships. For example, e-mails notices to customers who have purchased artwork by particular artists whenever new work by them is featured in the gallery. Linked with the shopping cart feature of the site, this direct marketing touch allows customers to purchase products beyond the tourist season and outside the region. Businesses can also use the e-commerce features of their sites to emphasize customer service and develop an edge over their competitors. Customers can plan every aspect of their trip online, from routes to menus, and pre- and post-trip e-mails provide customers with information about their trip.

D. Ability to Conduct Business 24 x 7

Many businesses that do not use e-commerce may find it difficult to be open 24/7 due to the multiple overheads that come with it in terms of staff and utility payments. On the other hand, e-commerce makes it possible for a business to be open and easily accessible round the clock without any increase in overheads. Transactions and payments can continue being made automatically, without your supervision. In case the small business deals in digital goods, the business becomes totally automatic – full transactions, including purchase and delivery, will automatically be carried out online. Unlike physical stores which have opening and closing times, E-Commerce systems can operate all day every day. Since the internet can be accessed by anyone from any where, time is no longer a barrier to conduct business. People can interact with businesses at any hour of the day that it is convenient to them, and because these



interactions are initiated by customers, the customers also provide a lot of the data for the transaction that may otherwise need to be entered by business staff.

E. Fast Processing of Transactions

E-Commerce enables businesses to transact quickly. This takes away the problem that come with other modes of payment that may require the merchant to wait up to one month to access their payments. E-Commerce transactions clear in seconds and merchants can either receive funds immediately or wait for only 2 or 3 days to get the cash in their bank accounts.

F. Globalization of Business

A business operating purely offline may have challenges in reaching a wide scope of customers. On the other hand E-Commerce has enabled local small businesses to reach international masses. There are no limits to where the internet can reach, therefore through e-commerce platforms, people can pay for goods and services from literally any corner of the world. The internet can be accessed from anywhere around the globe. Thus, an E-Commerce site can enter a global market space. Further, unlike traditional communications methods, users are not charged according to the distance over which they are communicating.

G. Facilitates Quicker Collecgtion of Payment

In case a service that requires recurring billing, it is easy to do so with an e-commerce platform one can create his system in such a way that when a customer makes a purchase, they can opt for their card to be re-billed at a certain frequency. This makes it hassle-free for both. As long as one continue using the service, their credit or debit cards will get charged at certain intervals, increasing the predictability of income and eventually the bottom line of a business.

H. Enables Cost Reduction

E-commerce enables a business to cut costs. Some of the costs that can be cut include a) Cost of creating the product, b) Costs of processing orders from the customers, c) Costs of handling customer phone calls, d) Cost of promotional material, e) Costs of distribution f) Costs of sending out bill payment, g) Costs of handling sales inquiries, h) Costs of determining product availability (inventory management), i) Cost of marketing, j) Human Resource costs, k) Costs of storing information l) Telecommunication costs.

I. Improved Supply Chain

The use of internet can lead to a reduction in the inefficiencies relating to supply chain. Some of the benefits are reduced inventories, reduced delivery delays and efficient e-procurement. E-commerce also helps in building more collaborative and stronger relationships with suppliers. This includes streamlining and automating the underlying business processes, enabling areas such as direct marketing, selling, customer services, fulfilment, procurement, replenishment and information management.

J. Easde of Access

This is seen as one of the biggest advantages of e-commerce. Customers have access to a host of services literally at the tip of their fingers. Customers can buy whenever they want, from more locations. This increases choices. When customers have more choices they can decide on a product with better features at a more competitive price. Sometimes products are less expensive on-line.

K. Saves Time and Effort

E-commerce enables quicker delivery of on-line products such as software, games, music, which can be downloaded. Quick delivery is important for people who want to use the product immediately, as opposed to waiting longer. If they have to wait long, they may pick a competitor's product.

III. LIMITATION OF E-COMMERCE

As discussed above that the implementation of E-Commerce facilitates lot of benefits but it also subject to the following limitations

i) Government initiatives are important in the adoption of e-commerce and other ICT in general. They can be in terms of promotion of ICT usage, education and the establishment of adequate regulatory framework for e-commerce including taxation and tariff for revenue generated through e-commerce. Government initiatives are affected by many factors including the country's political condition, economic condition, and external influence from other countries.

ii) In a country with an unstable political condition, it is less likely that government will give enough attention, if any, on e-commerce development.

iii) The GDP and income per capita are common indicators for the economic condition of a country. Since e-commerce relies on some technology infrastructures which are relatively expensive for many developing countries, countries with unfavourable economic condition are not likely to be involved in e-commerce.

iv) E-commerce success relies heavily on a number of technology infrastructures. Firstly, telecommunication infrastructures are required to connect various regions and parties within a country and across countries. The cost of accessing the infrastructures also influences the growth of e-commerce. Its growth further requires the establishment of reliable and secure payment infrastructures to avoid frauds and other illegal actions. The overall technology infrastructure development of a country relies heavily on the economic and geographical conditions of the country.

v) The adoption of e-commerce also depends on the cultural and social environment. In some countries, people consider shopping as a recreation, and therefore, B2C e-commerce is difficult to nurture. Likewise, the level of education, the availability of IT skills, the level of penetration of personal computers and telephone within the society affect the growth of e-commerce.



vi) A lack of awareness of the use and potential benefits of ICT can also hinder the growth of e-commerce. In some developing countries, many people are only aware of limited e-commerce applications such as chat, email and browsing websites. As a result, many organizations have not considered exploiting the potential of e-commerce to improve their business operations.

vii) The growth of e-commerce in a country is also influenced by other countries. For example, the reputation of credit card frauds in some countries caused blockages of several IP addresses by a number of commercial sites from different countries. This situation can cause those countries to be expelled from global business transactions and hence, limit the usefulness of e-commerce

CONCLUSION

The rapid growth of e-commerce reflects their potential benefits to businesses in terms of increased sales, lower costs, and enhanced sustainability. E-Commerce may permit retail businesses to "cut out the middle man costs." Yet many businesses are reluctant to develop e-commerce or they are disenchanted with e-commerce because their experiences have fallen short of their expectations. The bottom line here is that e-commerce is highly beneficial to small businesses. It is significantly easy to set up and the benefits come in almost instantly. Some of the things to be cautious of include poor security, poor site design, too many refund requests, harsh terms and conditions of some payment platforms and poor marketing. Once these areas are kept in check, moving to E-commerce will be among the best business decisions for taking

the advantages of transacting business in the new technological environment. In most cases, e-commerce is considered beneficial to the firm's profitability and sustainability. In general, the benefits of e-commerce to the business are enhanced if the firm serves a niche market, takes advantage of service providers (public and private) to maintain an efficient and up-to-date e-commerce program, and integrates e-commerce into multiple aspects of the business operation.

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