



## EMERGING TREND OF E-COMMERCE IN INDIA

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### **Abstract**

Electronic commerce or e-commerce consists primarily of the distributing, buying, selling, marketing, and servicing of products or services over electronic systems such as the Internet and other computer networks. The four functions of e-commerce are:

- Communication
- Process management
- Service management
- Transaction capabilities

### **DISTINCT CATEGORIES OF E-COMMERCE**

- Business-to-business (B2B)
- Business-to-Consumer (B2C)
- Consumer-to-Consumer (C2C)
- Consumer-to-Business (C2B)

The total value of E-commerce activities within India has exceeded Rs 800 billion during 2013, according to a latest report on e-commerce. Given the extraordinary growth rates of e-services exports, the latter figure has reached 25 per cent in 2013. Policy measures to support exporters of e-services should focus on increasing market access in e-services for exporters from the developing countries, as well as addressing domestic obstacles related to technology, payments, infrastructure (telecommunications) and standards.

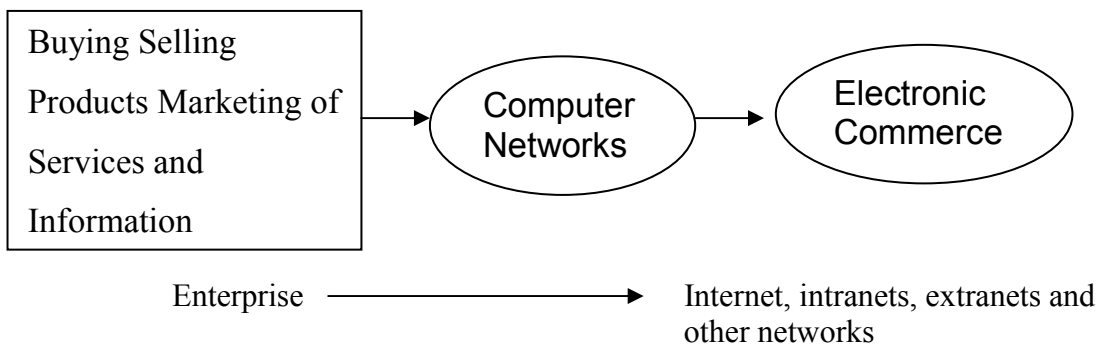
The e-commerce is one of the biggest thing that has taken the business by a storm. It is creating an entire new economy, which has a huge potential and is fundamentally changing the way businesses are done.

### **INTRODUCTION**

Electronic commerce or e-commerce consists primarily of the distributing, buying, selling, marketing, and servicing of products or services over electronic systems such as the Internet and other computer networks. The information technology industry might see it as an electronic business application aimed at commercial transactions. It can involve electronic funds transfer, supply chain management, e-marketing, online marketing, online transaction



processing, electronic data interchange (EDI), automated inventory management systems, and automated data collection systems. It typically uses electronic communications technology such as the Internet, extranets, email, e-books, databases, and mobile phones.

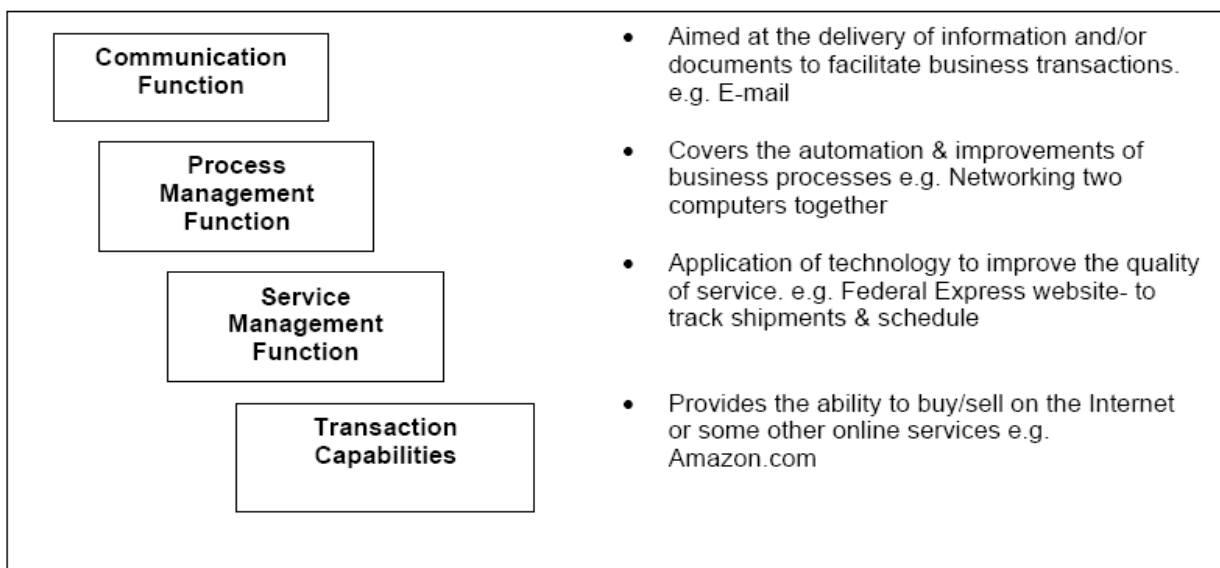


### Meaning of E-commerce

#### FUNCTIONS OF ELECTRONIC COMMERCE

The four functions of e-commerce are:

1. Communication
2. Process management
3. Service management
4. Transaction capabilities



#### DISTINCT CATEGORIES OF E-COMMERCE

Four distinct categories of electronic commerce can be identified as follows

- **Business-to-business (B2B):** Business-to-Business refers to the full spectrum of e-commerce that can occur between two organizations. Among other activities, B2B e-commerce includes purchasing and procurement, supplier management, inventory management, channel management, sales activities, payment management, and service and support. While we may be familiar with a few B2B pioneers- e.g., Chemdex ([www.chemdex.com](http://www.chemdex.com)), Fastparts ([www.fastparts.com](http://www.fastparts.com)),



and FreeMarkets ([www.freemarkets.com](http://www.freemarkets.com)) - some other exciting new consortia are emerging.

- **Business-to-Consumer (B2C):** Business-to-Consumer e-commerce refers to exchanges between businesses and consumers, e.g., [Amazon.com](http://Amazon.com), [Yahoo.com](http://Yahoo.com) and [Schwab.com](http://Schwab.com). Similar transactions that occur in business-to business e-commerce also take place in the business-to-consumer context. For instance, as with smaller business-to-business, transactions that relate to the "back office" of the customer (i.e., inventory management at the home) are often not tracked electronically. However, all customer-facing, or "front office" activities are typically tracked. These include sales activities, consumer search, frequently asked questions and service and support.
- **Consumer-to-Consumer (C2C):** Consumer-to-Consumer exchanges involve transactions between and among consumers. These exchanges may or may not include third-[arty involvement as in the case of the auction-exchange eBay. Other activities include: classified ads (e.g., [www.numberoneclassifieds.com](http://www.numberoneclassifieds.com)), games ([www.heat.net](http://www.heat.net)), jobs ([www.monster.com](http://www.monster.com)), Web-based communication ([www.icq.com](http://www.icq.com)), and personal services (e.g., Yahoo! Personals, [webpersonals.com](http://webpersonals.com)).

		Business originating from.....	
		Business	Consumers
And selling to...	Business	B2B	C2B
	Consumers	B2C	C2C

- **Consumer-to-Business (C2B):** Consumers can band together to form and present themselves as a buyer group to businesses in a consumer-to-business relationship. These groups may be economically motivated as with the demand aggregator, [Mercata.com](http://Mercata.com), or socially oriented as with cause-related advocacy at [voxcap.com](http://voxcap.com).

## SIGNIFICANCE OF E-COMMERCE

The electronic market place participants are not limited only to digital product companies e.g. publishing, software and information industries. The digital age and the digital revolution affect all by virtue of their process innovations:

- Web-TV and digital television is going to affect TV news and entertainment programmes.



- Changes in telecommunication will affect the way the information is received, product announcements, orders etc.
- Phones, Fax machines, Copiers, PCs and Printers have become essential ingredients in doing business, so are E-mail, websites and integrated digital communication
- Today's office business machines are not integrated (eg. Faxed orders have to be typed in on computers), the much talked about convergence will drive all these equipment into one digital platform, whether it be a computer connected to the Internet and intranet, a new kind of device capable of interacting with other devices, because that device will prove to be more efficient and productive.

### E-COMMERCE IN INDIA IN 2013

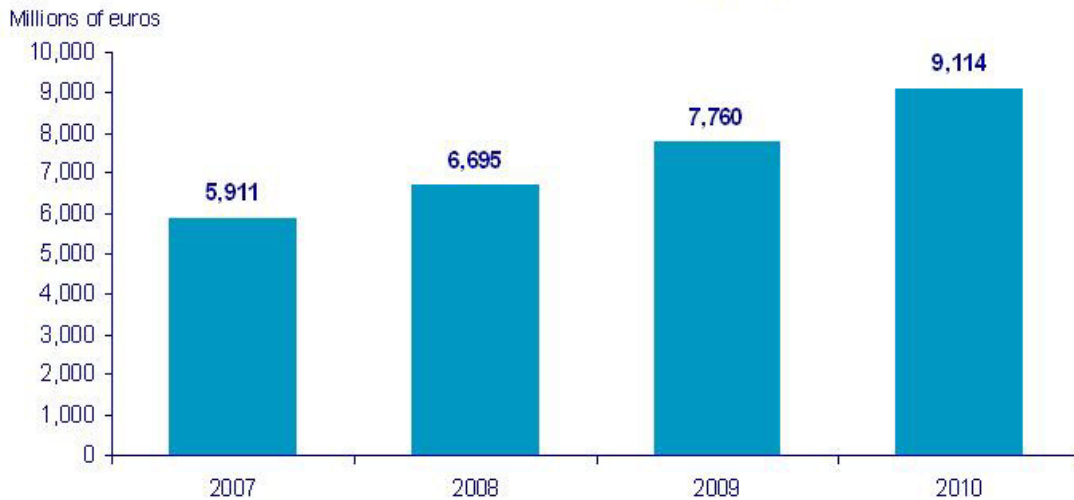
E-Commerce has paved a way for the economy to raise in its standard of living which has ultimately resulted in huge revenues and introduction of new products and techniques. NASSCOM has analyzed the following for the Indian IT Companies:

- E-commerce transaction volume in 2000 Rs.15000-20000 crores.
- Global e-solution service market in 2005 \$ 9 billion.
- Domestic market for e-solutions in 2000 \$ 65 million.
- Domestic market for e-solutions in 2005 \$ 500 million.
- Indian IT industry aspire business for e-solution products in 2010 \$ 1 billion.
- Total e-commerce transaction volume in the country-Rs. 80000 crores in 2012.
- B2B transaction in 2012 is Rs.1,92,000 crores
- B2C transaction in 2012 is Rs. 3,000 crores (see the below table)
 

- Telecom services	Rs. 750 crores
- Consumer electronics	Rs. 550 crores
- Travel	Rs. 450 crores
- Automotive	Rs. 450 crores
- Financial services	Rs. 300 crores
- Books	Rs. 150 crores
- Music	Rs. 100 crores
- Others	Rs. 250 crores



### Electronic Commerce volume (B2C)



- Pure play dotcoms in many industries are unlikely to be successful.
- Full benefits of e-commerce cannot be realized in isolation of the overall business goals and absence of an offline presence.
- To be successful in e-commerce arena enterprises need to invest as much in non-IT related spending as in IT- related spending.
- Examine / reexamine use of Internet for all business functions and prioritize e-commerce investments.
- Due to slump in the global economy, big firms are getting bigger and small ones are getting smaller, finding it difficult to bag new or renew contracts.
- Out sourcing exports involving small projects, which are predominantly in the SME, sector had dried up. Need should be there for linkage between big and SME's.
- In spite of slowdown in spending on IT by US and European countries and impact found on SMEs,
- European Union's IT division had agreed to fund collaboration between SMEs in Europe and India for software business development.
- Indian IT Industry will be affected by ups and downs in some quarter and many firms have cash reserves.

India's information technology (IT) lobby made its most optimistic forecast for software exports in three years, estimating a 13-15% increase in the next fiscal year with top clients such as General Electric Co. (GE) and Citigroup Inc. expected to spend more on farming out back-office software projects to cut costs.

As was widely expected, Nasscom on Tuesday said software exports in 2014-15 would rise to as much as \$99 billion, from about \$86 billion estimated for this fiscal year ending March.

Including the domestic market, the Indian IT industry is currently pegged at \$118 billion.



For the current fiscal year ending March, Nasscom said the country's software exports will grow at about 13%. It had earlier forecast a 12-14% range for exports in fiscal 2013-14.

### **FUTURE PROSPECTS ON E-COMMERCE**

The fact cannot be denied that, with the way the things are progressing, e-commerce has a bright future and it has great future prospects. India is a competitive market along with an increasing number of challenges; this means that there are more growth prospects as well. The companies which are scheduled to make waves in the future will be different from the ones that is right now. In the coming years, there will be 100-200 million e-commerce consumers. In other way, it can be said that around 80% of the consumers are still available to be targeted by various e-commerce portals. They are going to come from two important categories, first from Tier-II and Tier-III cities and secondly from the younger generation with more spending power for shopping online.

### **CONCLUSION**

The e-commerce is one of the biggest thing that has taken the business by a storm. It is creating an entire new economy, which has a huge potential and is fundamentally changing the way businesses are done. It has advantages for both buyers as well as sellers and this win-win situation is at the core of its phenomenal rise. Though there are some weak links, with improvements in technology, they will be ironed out, making the e-commerce easy, convenient and secure. The e-commerce is certainly here to stay.

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