



A Study of Emerging Trends in Indian e-Business

Dr. Jagadale A. A.

Assistant Professor
Arts, Com. & Science College, Narayangaon,
Tal: Junnar, Dist: Pune, Pin: 410504, Maharashtra, India.

Abstract

E-business, commonly known as electronic or online business is a business where an online transaction takes place. In this transaction process, the buyer and the seller do not engage personally, but the sale happens through the internet. In 1996, Intel's marketing and internet team coined the term "E-business". All of you must have seen your parents buying things for you at different times. They may have gone to different shops for different goods. Today the world of shopping has changed so drastically that one need not go to any shop for purchase of goods. All you need is a basic computer with an internet facility. The goods can be purchased on the internet, payments can be made through the internet and the goods are physically delivered at your doorstep. This entire process comes under the subject of e-business. The major benefits of e-business are cost reduction and productivity improvement. The internet is user friendly and even the common man can use it effectively. The WTO has also played a vital role in the way the business environment is changing.

Keywords: e-business, Net banking, Credit Card, Debit Card, Digital Cash, Online transactions, Internet etc.

Introduction

E-business means using the internet to connect people and processes. It allows you to work across the globe in any field. It opens new doors to customers around the world. So also in business and improves efficiency, increase profits and provides better customer services of business. e-business is web-enabling existing business processes to conduct transactions over the Internet. e-business establishes more closer and responsive relationship with partners, employees and suppliers. It connects, adapts and integrates IT system, so companies are able to manage their business efficiently.

The payment modes for transactions are made secured through advanced technology like Pay Net and Pay Pal. The internet allows a lot of space for consumer groups to be formed. These forums are very interactive. Redressal of complaints is also possible through such groups. Example of such a website is eBay. The process of withdrawal of funds from one's bank has also been made simple. The growth of Automated Teller Machines (ATM) in

India has been phenomenal. Many in India call it 'All Time Money'. No longer does one have to go to a crowded bank for money.

Objectives of the Research Study

Main objectives of this research paper are as follows:-

1. To study the conceptual background of e-business in India.
2. To study and understand the emerging modes in Modern business of India.
3. To study the advantages and disadvantages of e-business.
4. To study of e-Business Risks.

e-Business

The term "e-business" i.e. electronic business is derived from the terms e-mail and e-commerce. The concept of e-business emerged when IBM coined the term in late 90's. The purpose was to provide buyers a platform on the internet to buy and sell goods. Electronic commerce (e-commerce) was a revolutionary idea that crystallized into a successful concept along with e-business. In the last decade (2000-10), e-business and e-commerce have been one of the most exciting happenings globally.

Very often the terms e-commerce and e-business are used as synonyms. However, in actual terms, e-commerce is a sub branch of e-business. e-commerce is the trading aspect of e-business where it connects buyers and sellers on the internet. e-business on the other hand, includes manufacturing, buying, selling and managing the entire business on the internet.

Resource Required For Successful E-Business Implementation

The various types of e-business transactions are:

1. Consumer to Consumer (C to C)

Today there are number of websites where consumers can buy and sell goods like books, apparel, electronic goods, fashion jewellery, etc. Here consumers buy and sell goods and services to other consumers. The internet offers a lot of scope for this activity. The process allows buyers and sellers to display information about their goods on the web. It also permits them to rate the products or services.

2. Business to Consumer (B to C)

The transactions under B to C are between business firms and consumers. Firms use their site for a range of marketing activities. These include promotion, product information, reviews about the product/service and delivery of the product at the doorstep. The cost of products and services is kept low through this method and the speed of transaction is also faster. Examples of popular websites are www.flipkart.com, www.yebhi.com etc.

3. Business to Business (B to B)

Transactions between business firms come under this category. Business firms interact with each other for a variety of services. These include supplying ancillary parts / components to manufacturers providing value added services like catering and also providing man power.

Features of E-Business

Here are the few features of e-business:

- Easy setup
- No geographic barriers
- Cost-effective
- Flexible trading hours
- Cheap marketing policy
- No interaction between buyer and seller
- Delivery of goods takes extra time
- Transaction threat is prominent than traditional business
- People can buy any goods and services from anywhere and at anytime

Advantages of E-Business

There are various e-business advantages, but the most notable points are mentioned below.

- **Easy to Organise** – The online business can be set-up at home but only if the necessary software, the internet, and a device are available.
- **More Economical** – Online business is more affordable as the cost required to set-up a traditional business is much higher.
- **No Geographical Barriers** – There are less geographical boundaries in terms of e-business as anyone can buy anything from anywhere at any given time.
- **Government Subsidies** – e-Business or online businesses receive advantages from the government as they are promoting digitisation.
- **Flexible trading hours** – Since the internet is available every time, anybody can buy and sell goods or service to the customers through the business website at any given point.
- **Requires Less Investment** - Both big and small business gets the benefits of internet equally. Thus even one start of small business with less investment can derive the benefit of e-Business.
- **Convenience** - Internet offers the convenience of 24 hours X 7 days a week with a less investment – i.e. one can access anything, anywhere, any time.
- **Speed** - Any business transaction can be made simply at the click of the mouse button, for e.g. Electronic Funds Transfer takes place at the speed of light.

Disadvantages of E-Business

Though e-business has many advantages, they also have certain disadvantages. Some of the barriers are mentioned below:

- **No Personal Connection** – There is no personal touch, and the customer cannot feel and touch the product when buying. This makes it difficult for the customer to verify the quality of the product. Whereas, in the traditional business, we can make contact with the seller or salesperson and develop trust with the customer.
- **Delivery Time** – It takes time to deliver the products as compared to the traditional business where you see the product and buy it. This delivery duration often discourages customers to buy online. However, e-businesses like Amazon are promising one-day delivery time.

- **Security Issues** – In online business, people are often engaged in a scam as it is effortless for hackers to get the necessary financial details of a customer.
- **Risk of Non-Traceability of parties** - Cyber personalities participate in e – Business, when any one is in remote area – Traceability may be one the biggest problem.
- **People’s Resistance** - In general, people resist changes and halt will be more if any organization prefers to go fully online.
- **Ethical Fallout** - In e–Business, unless until you have high degree of protection, anyone can keep an electronic eye on your transaction, even intrude into your privacy – which is ethically incorrect.

On-Line Transactions

Three Stages in online transactions:

- **Pre-Purchase / Sale:** It is based upon advertising and information about the product.
- **Purchase / Sale:** It includes price of the product, price negotiation, actual purchase or sale and payment.
- **Delivery Stage:** After completing sale-purchase stage, this is the final stage.

Steps involved in on-line transactions

1. **Registration:** Registration is required for online transactions. The person who wants online transaction needs to register with the online vendor by filling up a registration form. Among various details to be filled in is a `password' relating to the registered `account' and `shopping cart.' For security reasons `Account' and `Shopping cart' are password protected.
2. **Placing an order:** The online shopper can pick and drop the things in the shopping cart. The shopping cart maintains the record of what items have been picked up while browsing the online store. After making sure about the items to be purchased, the shopper can choose a payment option.
3. **Payments:** Payment can be done in a number of ways like:
 - **Cash on Delivery (COD):** After physical delivery of goods, payments for the online goods ordered is made.
 - **Cheque:** The vendor collects the cheque from the customer and after realization of the cheque, the goods are delivered.
 - **Net banking Transfer:** It is an electronic facility of transferring funds through the internet. The buyer transfers the agreed amount to the online vendor's account. After receipt of the amount the vendor delivers the goods.
 - **Credit or Debit Cards:** This is popularly known as `plastic money.' They are mostly used for online payments. The vendors get the amount from the buyer through credit or debit card and make the delivery of goods after receiving the payment.
 - **Digital Cash:** It is a form of electronic currency that exists only in cyberspace. It has no real physical properties, but offers the ability to use real currency in an electronic format.

In all the transactions information plays a very important role. Information is exchanged in both traditional as well as on line (Internet) business. But as compared to

traditional business internet transactions are easier. In traditional business, time is required to travel, to negotiate, to convince, presence of both the parties for face to face interaction. In this process lot of time is wasted. Whereas in on line transaction required information is provided with terms and conditions and it is free from most of the problems referred above. So online transactions are easier and result oriented than traditional business.

While watching television or browsing through internet, note down the information of the companies which are buying and selling their products online.

Payment Mechanism

You must have gone many times for shopping with your parents to purchase clothes, books or other goods. The shopkeepers in small shops take cash for the goods sold. In turn they may give you a handwritten cash memo. In bigger shops situated in shopping malls or branded stores, there is a Point of Sale (POS) terminal. This has a small sensor which scans the bar code on the goods and the product is automatically registered along with its price on the computer. The print out is then given to the buyer who pays by cash or by credit / debit card. In e-business payments have to be made online. There is no physical exchange of cash across a counter. Payments have to be made through the web. This is done by an e-commerce application service provider called as payment gateway.

A payment gateway authorizes payments made online for anyone who is trading, buying or selling. These may include retailers, manufacturers, dealers and buyers and sellers of goods on the internet. It

is the virtual equivalent of a physical Point of Sale. Payments are made through debit cards, credit cards and by direct transfers from bank accounts through the net banking facility. Most gateways offer all these options for payments.

Working of a payment gateway

Any customer who uses the payment gateway goes through the following steps:

1. He/she places an order for the goods to be bought and clicks on a button called 'SUBMIT' once the merchandise is chosen.
2. The site then asks for the customer's credit card details. Once the details are entered, the browser codes the information.
3. The transaction details are forwards by the e-business website to the payment gateway. At this stage again information is coded.
4. The payment gateway forwarded the information to the payment processor which is used by the credit card issuing bank.
5. The payment processor sends the information to the card association (VISA / MASTER / AMEX)
6. The card association forwards the transaction to the card issuing bank.
7. The card issuing bank authorises the payment. Then it sends its request back through the same process to the merchant website. Once the authorization is received, the sale is approved.

8. The entire process does not take more than 2-3 minutes depending on the speed of the internet connection.
9. If the internet connection fails at any step of the process, then the appropriate procedure is adopted. e.g. if the connection fails after payment has been made but before the order is finalized, then the payment is credited back to the card account within a stipulated time.

e–Business Risks

There are three types of possible risks as listed below:

1. Transactions Risks

- Seller may deny that customer ever placed the order or the customer may deny that he ever placed the order. It is called “Default on Order taking/ Giving”.
- Goods may be delivered at wrong address or wrong goods may be delivered which is referred as “Default on Delivery”.
- Seller may claim/complain that he didn’t receive payment while customer may claim that payment was over. This is referred as “Default on Payment”.

2. Data Storage and Transmission Risk

- VIRUS – Virus can create annoyance, disrupt functioning, damage target data even may cause complete destruction of the system.
- Interception – Data maybe intercepted in the course of transmission by others. If it goes in the wrong hands it may be detrimental to the business.

3. Threat to intellectual property & Privacy

- Once the information is made available over the internet, it moves out of the private domain. So any secret formulae or research findings, improved/ new method of production and other such intellectual properties may be stolen by others.
- When data furnished goes in the hands of others they may start dumping with lot of advertising & promotional literature into our e-mail box.

Security and Safety of Business Transactions

While transacting online, payment gateways ensure that the details of the debit/credit cards are protected from misuse. This is done by a method of encrypting sensitive information. Encryption is a process by which readable text information is converted into coded information which can be read only through a special process. A major role for this process is played by software companies. In e-business, the data or information about payments made online is protected through the process of encryption. The information is made secure and then passed on to the merchant establishment or the company which processes these payments. One of the most well-known methods of encryption is Secure Sockets Layers (SSL).

Secure Sockets Layers (SSL):

This was developed by the company Netscape in the nineties for transmitting private documents over the internet. The encryption is done using mathematical programmes or protocols which use logical reasoning. SSL is a protocol which is used by many web sites. The sites use the protocol to obtain confidential user information like credit card number etc. Many search engines on the internet such as internet explorer support SSL. A secure connection between client and server is created by using SSL.

Outsourcing:

In many big establishments, shops, markets or bazaars you will often find security guards who are monitoring the parking around the place. These guards are not employee of the establishments but have been recruited through an agent. This agent provides the establishments with the services of the guards. In other words, the establishment has outsourced the security services.

Outsourcing is the process of contracting a business function to specialised agencies. In doing so, the company benefits in two ways:

1. It reduces its own cost.
2. It uses the expertise of the firm which specializes in a particular kind of service.

Now-a-days many municipal corporation and municipalities have outsourced collection of household waste to private companies. Household waste being collected by private companies outsourced by Municipal Corporations.

Need for Outsourcing

Today services all over the world are becoming highly specialized. Most services require finely tuned skills. With increasing global competition, most companies are focusing on showcasing their products or improving the quality of their goods. This has forced companies to concentrate on their place in the world market. Therefore, companies are taking a fresh look at their business processes. Due to this, many non-core areas are being outsourced to firms who have an especially skilled work force. The concept of outsourcing has emerged as a result of this thinking.

Conclusion

There has been a tremendous impact of technology today on various aspects of life. Our society has to adapt to this impact and incorporate this change into daily lifestyles. Similarly in the case of business, technological advancements have changed the way in which business operates. The major benefits of e-business are cost reduction and productivity improvement. The internet is user friendly and even the common man can use it effectively. The WTO has also played a vital role in the way the business environment is changing. The use of internet medium for commercial transactions in product services broadly explains the focus of e-business. Transactions under e-business include transactions between consumers, manufacturers, suppliers and the government. The scope of e-business is not restricted to only online shopping. It also includes online stock, transactions and the use of software. In India, till now business is managed through traditional methods. Now many businesses are becoming aware of the advantages of e-business and are incorporating this into their strategies. It also helps in better communication between business houses and makes purchasing easier for large organizations.

References:

1. Bijapurkar, R. (2003), The New, Improved Indian Consumer, Business World, 8th December, PP. 28-36.
2. Consumer & Marketers, Marketing White Book (2006) P. 109
3. FDI in Retail Sector in India, Arpita Mukherjee, Nitisha Patel, ICRIER Publication,pg.31
4. India Retail Hand book ,ICICI and AC Neilson , ORG Marg (2006)
5. Living it Up, India Today, August, 22,2005, pp.86
6. Marketing White Book (2006), Business World, pp.237,114-115.
7. Non-Store Retailing, Retailing in India, Euro monitor Report, 2006