

E- COMMERCE BUSINESS IN INDIA

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ABSTRACT

E- Commerce would mention the use of electronic data transmission to implement or enhance any business process. Some people use the term “internet commerce” to mean e-commerce that specifically uses the internet or the web as its data transmission medium. IBM has defined electronic business to be “transformation of key business process though the use of Internet technologies.”

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Today it is very difficult to discuss about the future of e-commerce business drivers and market needs which e-commerce fulfil. Why?

Globalisation, or the minimization of geographical factors in making payment, is an obvious aspect of the new payment system.

New kind of activity needs new indexes and rates for the efficiency evaluation. During last few years we have had a great discussion in economic environment about economic rules and measures for new economy companies.

KEYWORDS: *The India IT Act 2000, Globalisation, E-commerce Technology*

INTRODUCTION

E- Commerce would mention the use of electronic data transmission to implement or enhance any business process. Some people use the term “internet commerce” to mean e-commerce that specifically uses the internet or the web as its data transmission medium. IBM has defined electronic business to be “transformation of key business process though the use of Internet technologies.”

The term electronic commerce (sometimes shortened to e-commerce) means shopping in the part of the internet called the world wide web. However, e-commerce has a much broader scope and encompasses many more business activities other than just web shopping. Some people and business use the term electronic business (e-business) when they are talking about e-commerce in this broader sense.

Banks have been using electronic funds transfers (EFTs), which are electronic transmission of account exchange information over private communication networks. Businesses also have been engaging in a form interchange (EDI), for many years. EDI occurs when one business transmits computer readable data in standard format to another business.

In the 1960s, business realized that many of the documents they exchanged related to the shipping of goods such as invoices, purchase order, and bills of landing and included the same set of information for almost every transaction. They also realized that they were spending a good deal of time and money entering these data into their computers, printing paper forms, and then reentering the data on the other side of the transaction. Although the purchase order, invoice, and bill of landing for each transaction contained much of the same information, each paper form had its own unique format for presenting that information. By creating a set of standard formats for transmitting that information electronically, business were able to reduce errors, avoid printing and mailing costs and eliminate the need to re-enter data. Businesses that engages in EDI with each other are called trading partners. The standard formats uses in EDI contain the same information that businesses have always included in their standard paper invoice, purchase orders, and shipping documents.

E- Commerce Technologies

Several technologies are needed for e-commerce to exists. The most obvious one is the internet. Beyond that system of interconnected networks, many other sophisticated software and hardware components are needed to provide the required support structure : data base software, network switches and hubs. Incryption hardware and software, multimedia support and the world wide web. Methods of connecting all the software and hardware elements in the just the right way to support electronic commerce are changing and involving everyday. The rate of change is rapid for all elements that support electronic commerce. Any business that engage in e-commerce and hopes to compete in the future must adopt to new internet technologies as they become available. The anticipated e-commerce overload requires, companies to find faster and more efficient way to deal with the ever-increasing rush of online shoppers and the increasing traffic between businesses.²

Characteristics of E- Commerce Technology

The following are characteristics of e-commerce Technologies:

Each of Automated Processing

A payer can now easily automate the generation and processing of multiple payment with minimal effort and cost. Previously, the dependency upon banks to handle most payments and the lack of a cheap, ubiquitous communications technology made automation of payment processes expensive and difficult to establish.

Immediacy of Result

Payment immediacy occurs because of automation and the ability of the intermediate systems and providers to process payments in real time. In manual, paper based systems there exists a time delay due to the requirement of human intervention in the process.

Openness and Accessibility

The availability of cheap computing and communications technology and appropriate software enables small enterprises and individuals to access or provide a range of payment services that were previously only available to large organizations via dedicated networks or the transaction processing units of banks.

Loss of Collateral Information

The new technology dispenses with, or alters collateral information accompanying transaction. This information has traditionally been part of the transaction, and has been relied upon by the transacting parties to validate individual payments. Collateral information can be defined as information :

- Which is not essential to the meaning and intent of a transaction.
- Which is typically incidental to the nature of the communication channel over which the transaction is conducted; but nevertheless.
- Provides useful contextual information for one or more of the parties to the transaction.

Collateral information can include many things ranging from tone of voice in a telephone call to the business cards and letterheads and apparent authority of the person with whom the firm is dealing. Since information is received only via a single channel (such as electronic message) in electronic systems, new processes are needed to support and reinforce payments in the same way as manual systems.

Globlisation

Globlisation, or the minimization of geographical factors in making payment, is an obvious aspect of the new payment system. Its effect is upon areas such as size of the payments market place, uncertainty as to legal jurisdiction in the event of disputes, location and availability of transaction trails, and the ability of a payment scheme to rapidly adopt to regulatory regimes imposed by one country to moving to another.

New Business Models

New business models are being developed to exploit the new payment technologies, in particular to address or take advantage of the disintermediation of customers for traditional payment providers such as banks. Disintermediation is where the technology enables a third party to intervene between the customer and the banking system, effectively transferring the customer's trusted relationship with the bank to the new party ?

India IT Act 2000

The Indian Act was enacted on 7th June 2000 and was notified in the official gazette on 17th October 2000. It aims to provide a legal and regulatory framework for promotion of e-commerce and e-governance. It is applicable to the whole of India. Some of the major provisions contained in the IT Act 2000 are as follows :

- Electronic contracts will be legally valid
- Legal recognition of digital signatures
- Security procedure for electronic records and digital signature
- Appointment of certifying authorities and controller of certifying authorities, including recognition of foreign certifying authorities.
- Various types of computer crimes defined and stringent penalties provided under the Act.
- Establishment of cyber Appellate Tribunal under the Act.

- Act to apply for offences or contraventions committee outside India.
- Power of police officers and other officers to enter into only public place and search and arrest without warrant.
- Constitution of cyber Regulation Advisory Committee who will advice the central Government and controller. However, there are a few more areas which should be taken care of in the subsequent amendment to the IT Act.

These are as follows:

- Electronic fund transfer – Electronic payment system
- Digital copyright
- Taxation – income tax, sales tax
- Consumer Protection
- Sale or the conveyance of immovable property⁴

Legal and Contractual Aspects International Scenario

The legal and regulatory frame work for International-e-commerce is an area of wide debate and covers wide areas. Such as taxation, consumer protection and jurisdiction. However, many legal and regulatory issues are directly related to the security aspects of e-commerce and are illustrated in table below:

The legislative and regulatory regime is under going rapid change in response to the development of e-commerce. However, some countries react more quickly and thus incompatibilities arise, particularly affecting cross-boarder e-commerce. Organisations should monitor this area carefully to enable them to adopt their e-commerce strategies appropriately.

Technology Assessment of E- Commerce

Differentiation of solutions, tolls and business activity covered by the general name “e-commerce” is the reason that there is not one common definition of e-commerce. E-Commerce defined as the integrated packet of tools, technologies and business models implemented to provide links between members of electronic market-enterprises, partners, customers, communities. According to the Gartner Group description, e-commerce is an evolving set of :-

- Homegrown or packaged software application that link multiple enterprises or individual consumers to enterprise for the purpose of conducting business
- Business strategies aimed to using IT to optimize relationships among enterprises and between individuals and enterprises.
- Business processes that cross enterprise boundaries (e.g. procurement, Selling, order status checking or payment etc.)
- Technologies and tools that allow enterprises to implement and realize these applications, strategies and processes.

This definition indicated that e-commerce is understood as a platform of cooperation between electronic market members and a platform for business activity transferred to the net. IT technology is a tool to provide the communication channel and to support transaction.

Looking to the future and e-commerce development trends another description of e-commerce can be applied. Anything with a chip can be connected and will become intelligent. The chains of transactions will be negotiated somewhere in virtual space transforming process to create new value. ⁶

The Business Drivers

Today it is very difficult to discuss about the future of e-commerce business drivers and market needs which e-commerce fulfil. Why? Because very day American newspaper announce that another Internet company closed its virtual office or has to change start-up, slow down employment or reorganize business model. There are a lot of comments in press that internet companies have been founded based on the enthusiastic wave of investors for new technologies and now they have to pay huge price coming back to iron economic rules. More electronic shops are closed or acquired. Boo-con, web house, living. Com and CD now. Electronic exchange e.g e-stell. Avition X changed business profile. Into e-commerce software suppliers. Regardless of recent press discussion and difficult economic situation, which concerns not only companies of new economy, it is clear that e-business will grow in near future. Based on the IDC research the global value of electronic trade in 2005 will be about 5 trillion USD and the number of Internet users will increase to 1 billion which means about 15% of global population and 70% increase of e-commerce revenue every year. So what are the source of e-commerce incredible progress? Morgan Stanley Dean witter report indicates three basic problems that e-commerce address.

- Market fragmentation
- Inefficiencies in business interactions,
- Lack of supply chain integration to exchange inventors with information.

After deep analysis of these three aspects it is clear that e-commerce provides market transparency of offered products, prices, products availability and suppliers. It eliminates geography and time barriers, integrates buy and sell sides. The speed and automation of electronic transaction and access to information help companies decrease operational costs and get high level of efficiency and process transparency.

At the same time, Fast growing of new IT Internet Technologies and services supports e-commerce market development. IT research result, new tools and software are quickly applied into internet solutions. HewlettPackard sold 34 billion USD in Internet infrastructure last year. The example is the incredible growth of the technical and functional abilities of commerce. Although this B2B sector is based on IT potential, new technologies only build the platform the technical possibilities for business model implementation. The key for Internet companies success is the business strategy and the model of business activity. The answer to the question : how to do business on the Internet determines huge changes in business models and management strategy. IT companies offer a wide range of e-commerce solution and appropriate selection is very difficult because its not only the choice of technology and tools, but also the selection of a partner which can translate business strategy into a suite of hardware and software. ⁷

Based on the Mentor research, in Poland about 3.5 million over 15years olds are users of the internet. During one year this number increased by 25 %. 1/3 of Internet users login into wwwpageseveryday. Polish usually surf at home

(53.5%), at work (36.1%), at school/University (28.1%). It has to be added that Poland is an emerging market and the access to new technologies and the WEB is still limited. The number indicate that internet usages is growing up very quickly. B2B and B2C projects drive development of IT sector. Internet business has a direct or indirect influence on our private lives and all areas of science and business.

Important question discussed today is: what are potential impacts and implications of e-commerce in political, economic, social, cultural and ecological areas. To analyse such a wide range of dimensions one of the best ways is to apply technology assessment method. How to obtain the answer for the questions discussed, how to size, analyses the study the impact of e-commerce in multidimensional environment ? The first thing is to define the leading vectors of e-commerce implications.

The first dimension we have to analyse is the impact of e-commerce for whole countries and economics. A good example is Japan. This country is global leader in consumer electronics and hardware technology. Education, Science research, building environment for new information technologies development become a strategic national priority. As a result of five-year plan to surpass US in high. Speed internet infrastructure that has been announced by Japanese Government, many global IT companies located their investment in Japan. Japan maintains leadership in mobile wireless technology. this country inventing the world's most advanced mobile technology and Japanese NTT Do-CoMo "i-mode" is the fastest growing mobile internet service in the world. It involved 10 million subscribers in just 18 months and 50,000 new user a day. Japanese position is highly developed countries is a result of long term government politics and programs. Japan takes advantage of new IT technologies and Internet commerce to identify and realize new opportunity for national and economical development.

The adjustment to change is business ecosystem and consequences of organizational changes implicates evolution of the enterprise structure and processes. Companies, which are hierarchical and mechanistic Institutions, lose to more flexible, highly informed enterprises with flat structures and efficient management system. Implications of e-commerce are reflected in business process. To fulfil orders coming from the Internet, a company has to build a very difficult palnning., production, and logistic system. All department and functional areas must be integrated with tools that provide information, automate processes and support transactions and data processing.⁸

New kind of activity needs new indexes and rates for the efficiency evaluation. During last few years we have had a great discussion in economic environment about economic rules and measures for new economy companies. Today it is difficult to say whether really the old economy laws do not concern the Internet companies. Discussion today is difficult because as mentioned above, many of the internet firms simply bankrupt but on the other side the old enterprises face economical difficulties, too. Regardless of that the question : how evaluate a virtual company seems to be still open.

Leadership in e-commerce age is not simply division making, control, hierarchy, title or status. Leadership profile will be changed because the basic resources for e-business activity are people. As Carley Fiorina, the president of Hewlett-Packard, said "Leadership in the digital renaissance will be about encouragement, ennoblement and empowerment."

CONCLUSIONS

While talking about people it should be emphasized that Internet has a big influence on people lifestyle. Internet gives the ability to connect to information, shop, office, home, University, School no matter where we are. Looking at Ce BIT

exposition this year, it became clear that Internet commerce and new information technology fulfil the vision of “Life lived in motion” and shift culture into mobile style. E-commerce technology put us into interactive dialog with our PC and at the same time technology eliminates human relations. Connected via mobile Internet we feel consistently available, consistently at work.

Planning a technology assessment study of e-commerce, other important dimensions have to be analysed. It seems to be necessary to make researches and evaluation of e-commerce influence in the following areas :

- the impact of e-commerce on globalization and in anti globalization pressure.
- education,
- building legal environment for Internet commerce open trade policies, taxation, consumer protection,
- Security of Internet transactions, security of company and personal data
- Cyberterrorism, Cyberattacks,

Each of these aspects is a wide area for research can be a subject for an separate study, but to obtain a through evaluation of e- commerce impacts all of the above areas have to be analysed.

According to Gartner Group research, e-commerce development can be divided into phases. At every stage of e-commerce progress, new functionality and solution are integrated and connected to provide better information and transaction Flow. Building Internet Commerce environment investors have to deal with four basic aspects : applications, technical issues, strategy, and management issues. To decrease the risk involved in new investment, the choice of strategy, strategic partners, and solution providers becomes a priority.

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