

E-Business: Scope and challenges in India

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ABSTRACT : *The e-business concept is new in Indian economy but has significantly evolved benefitting economy with higher gains. The Indian traditional marketing system is adsorbing the new technological approach in-order to cope with international market and vast growing Indian consumer market. Since, e-business scenario is recent in Indian market therefore it is necessary to understand the overall Indian market evolution, a brief outline of E-Business and its effect on various scenarios of Indian economy including IT and education is discussed. The e-business is part of new technology adopted in every sector of market benefitting the economy with wider scope and approachability with higher consumer base and consumer satisfaction. The open international market and globalization has pushed market and economy to adopt the new technology usage to cope up with larger tasks and data with high level of perfection. The study shows enormous potential for E-Business but has to go with consumer protection and company-client data safety at every stage.*

KEYWORDS: *E-Business, E-Commerce, ICT, Indian economy*

I. INTRODUCTION

"E-business" is defined as the application of information and communication technologies (ICT) which support all the activities and realms of business. E-business focuses on the use of ICT to enable the external activities and relationships of the business with customers. Electronic business methods enable enterprises to link their internal and external data processing systems more efficiently and flexibly and serve better to the needs and expectations of their customers. E-business uses web-based technology to improve relationships with customers.

It is widely accepted today that new technologies, in particular to the Internet, modify communication between the different parties in the professional world, viz:

- Relationships between the company and its clients,
- The internal functioning of the company, including company-employee relationships,
- The relationship of the company with its different partners and suppliers.

The term "**e-Business**" refers to the integration, within the company, of tools based on ICT to improve their functioning for the company, its clients, and its partners. E-Business no longer only applies to those companies all of whose activities are based on the internet, but also to traditional companies. The term *e-Commerce*, which is frequently mixed up with the term *e-Business*, although, only covers one aspect of e-Business, i.e. the use of an online support for the relationship building between a company and clients.

The impact of e-business is not only important with respect to company and client relationship but also to improve performance and efficiency within the company. Local Area Network (LAN) helps building faster communication within the company leading to saving high cost and precious time. One of most effective tool globally adapted by many organizations is developed by SAP AG, Germany, commonly known as SAP. The SAP is benefitting the organizations in numerous ways and few advantages are as below:

- Allows easier global integration
- Updated once only and implemented company-wide
- Provides real-time information
- Creates better efficient work environment for employees

II. GOAL OF E-BUSINESS

The goal of any e-Business can be summarized as below:

- **An increase in margins**, a reduction in production costs which in-turn an increase in profits. E-Business makes it possible with a number of different ways:
 - Positioning on new markets
 - Increasing the quality of products or services
 - Prospecting new clients
 - Increasing customer loyalty
 - Increasing the efficiency of internal functioning

- **Increase in staff motivation**. It marks a great deal of motivation in transition from a traditional activity to an e-Business activity using :
 - The overall strategy is to create transparency for the employees and favors a common culture
 - The mode of functioning is that the players assume responsibilities
 - Teamwork which favors improvement of competences in employees
- **As a result of customer satisfaction**. As a matter of fact, e-Business favors:
 - a drop in prices in connection with an increase in productivity
 - improved listening to clients
 - products and services that are suitable for the clients' needs
 - a mode of functioning that is transparent for the user
- **Privileged relationships with the clients**. The creation of communication with the client:
 - Increased relationships with each other
 - Increased responsiveness and anticipation
 - Resources sharing which is beneficial for both

An e-Business not only adds value to the company, but also to its clients, and employees.

III. E-BUSINESS CONCEPTS

Implementing an e-Business project necessarily involves the deployment of a network or web-interface connecting company-specific services to the client. The implementation of just computer tools is not enough; an e-Business project has to be implemented in a new organization based on new technologies.

The concept of e-Business is very flexible and therefore covers all possible uses of information and communication technologies (ICT)

- Making the relationships between the company and its clients
- Newer business opportunities are developed
- Flow of information is made easier
- Controlling different processes within the company

The objective is to create communication between the company and its internal processes to better control internal and external measures. The e-business awareness in India has increased with fast adaption of internet and internet based service in today's post economic liberalization scenario. The World internet statistics reveal that India is one of the emerging nations for internet user and stands fourth-largest country after China, US and Japan. Although, India stands fourth in population-wise internet usage still it has lower population penetration percentage 6.9 whereas US has population percentage 77.3 (Figure 1 and Figure 2).

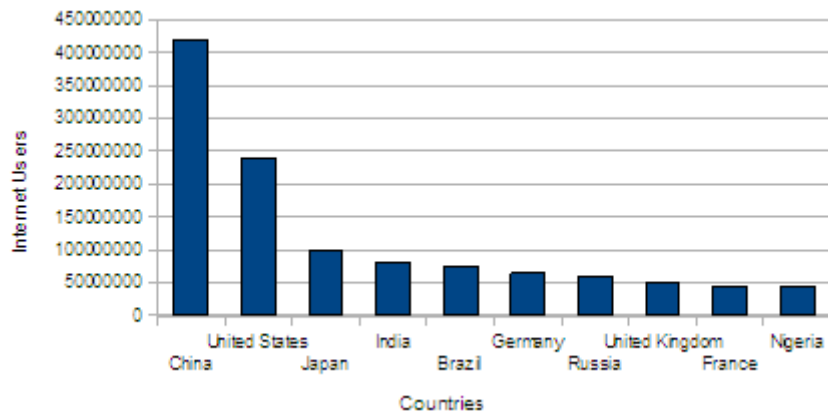


Figure 1: Internet users in year 2010 country-wise

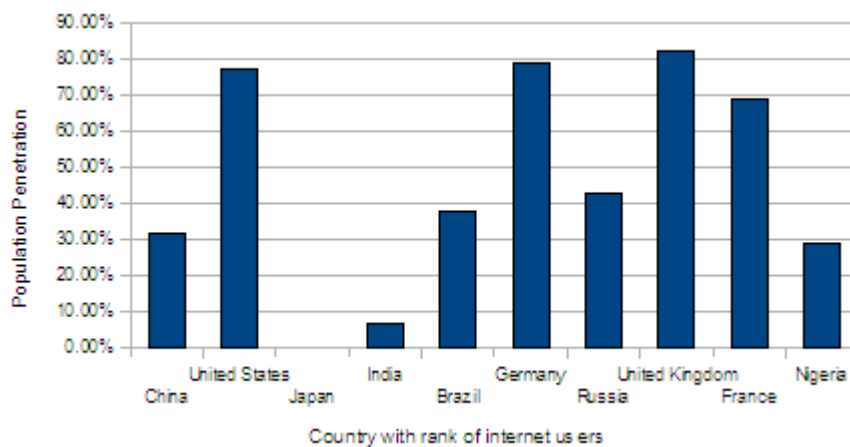


Figure 2: Population penetration of internet users in year 2010 country-wise

Table 1: Growth of internet users in last ten years (2000-2010)

S.No.	Country or Region	% Population (Penetration)	Growth 2000-2010	% of World Users
1	China	31.60%	1766.70%	21.40%
2	United States	77.30%	151.60%	12.20%
3	Japan	78.2 %	110.60%	5.00%
4	India	6.90%	1520.00%	4.10%
5	Brazil	37.80%	1418.90%	3.90%
6	Germany	79.10%	171.30%	3.30%
7	Russia	42.80%	1825.80%	3.00%
8	United Kingdom	82.50%	234.00%	2.60%
9	France	68.90%	425.00%	2.30%
10	Nigeria	28.90%	21891.10%	2.20%

Source: worldinternetstats.com

The concept of e-business and e-marketing was originated in western countries with the development of internet-working. The concept was adopted in Indian marketing culture after the globalization of Indian economy. The multinational companies brought the modern e-business concepts owing to the greater benefit transparency if was widely accepted. More implementation of e-business in different section of the economy in

helping the country to achieve 8% to 9% annual GDP growth and poised to take double digit growth in coming year which has been discussed in detail. The present study mainly dealt with position and challenges of complementary the e-business of India. There is very little research on India that can quantify e-business and its growing trend in India. The importance of this study is to provide an overview to the readers about the current status of e-business in the country along with discussion on its usefulness and challenges in implementing it in Indian economic scenario. The study will also provide a future projection model based upon growing trend in Indian economics. The overall objective of the study is to provide qualitative as well as quantitative information about the e-business in Indian economy.

There is very little published report available for e-business development in India. The major challenge was for gather effective information about the subject matter various national and international publication. The data collection and research methodology was mainly divided into two parts:-

- 1). Primary data collection
- 2). Secondary data collection

3.1. Primary data collection:

The qualitative research approach was used to gather the required information and data from the available literature. The info about the potential position challenges and e-business implementation in India was analyzed by reviewing international and national journal & report namely:

3.2. Secondary data collection:

E-Business approach in India is recent and has many challenges in implementing form govt. admin and from customers in order to know the perception of Govt. official Bank Managers and customers at the other end, about this change a survey was conduct through questionnaire & personal interview Personal Interview for the manager and the officers of nationalized and private Banks both were conducted to know there perception about Pre E-Business and comment scenario. In a similar way, personal interview of working staff of stock broking/Travel & Tourism/Insurance was conducted to know their perception. To know the customers' perspective about the E-Business adoption and challenges, a survey was conducted using a questionnaire (one was in physical form and another was online). Online link was sent to different user groups and there response was recorded electronically in the computer system. The data obtained was analyzed for further interpretation.

E-Business is all about the practical realization of these mind-boggling opportunities- opportunities in terms of business-to-business interaction over the Internet, in supply-chain planning, analysis and automation: catalogue management ; order management (entry, confirmation, tracking, fulfillment, invoicing and payment) ; warehousing and inventory management; shipping and freight; pricing ; promotion ; taxes ; duties ; reporting ; customer relation management ; customer service ; customized product and service development ; marketing etc. the list is endless. And these possibilities are available to all types of enterprise, whether governmental, educational, nonprofit, or commercial

The number of internet subscribers in India has increased by ten folds in last decade and our study shows that it will be 35 folds by the end of year 2025 compared to year 2000 making India a global hub for internet users and using its capabilities for harnessing major business and trade benefits. It will eliminate the role of intermediaries, making the business model easily accessible, customer friendly and auditable transparent. A survey was conducted using questionnaire about the awareness of internet usage, about the users and penetration in India.

The responses were analyzed and with the growing number of internet users at exponential rate in last decade and at the same time most of the businesses in India adopting their business in electronic form within their company and also directly with the customers' for their work. The survey suggested that most of the internet users are graduates (38%) and post graduates (27%) (Figure 3) and mostly they use it for checking email (40%) and browsing educational information (26%) (Figure 4).

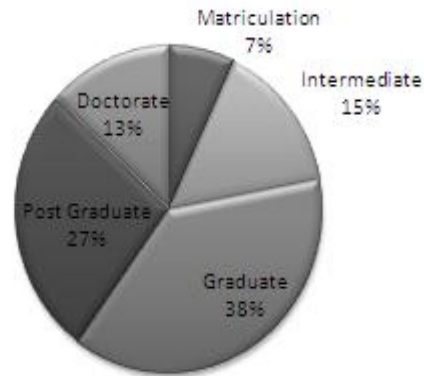


Figure 3: Internet users age group percentage based upon survey

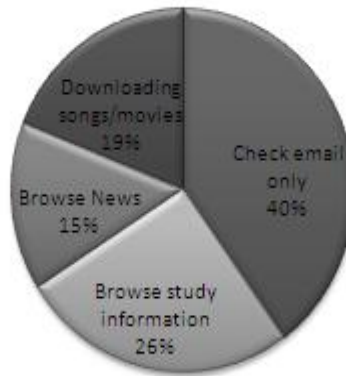


Figure 4: Internet usage for information percentage based upon survey

The users were also surveyed for the time they spend for browsing internet for various purposes and most of the users are able to do it once in a week while 20% of users are able to browse internet daily (Figure 5).

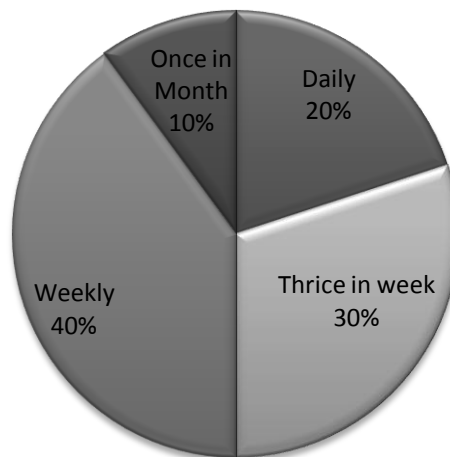


Figure 5: Internet usage time percentage based upon survey

In 1987, HSBC first time launched ATMs for cash withdrawal making a revolution in Indian banking system and today almost every bank has ATMs more than lakh in country to serve the people with cash withdrawing without stepping into bank and convenient merchandise purchasing without carrying cash. The growing e-business in not only limited to urban scenario but has expanded its root in rural regime benefiting the farmers and rural dwellers. Majority of the people are still unaware of internet-banking due to computer illiteracy and those who are using internet banking are mostly private bank customers (Figure 6).Most of our people dwell in rural areas and agriculture still dominates in Indian GDP. Many of agro-based and agricultural-development companies like ITC have improved the agricultural-business by adopting latest techniques and e-business system. It has also benefited the agricultural-sector with latest infrastructure and educating the farmers adopting new techniques for agricultural development.

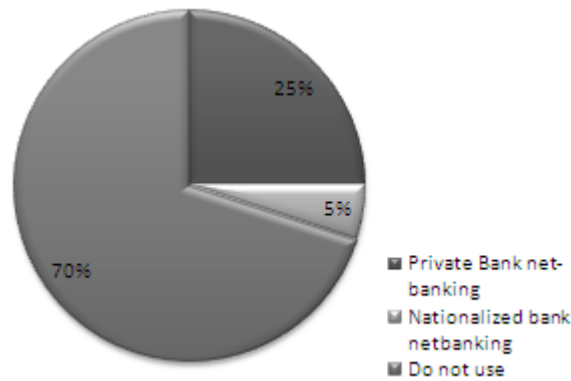


Figure 6: Internet Banking users percentage based upon survey

Indian railway which forms busiest and densest root network in world moving millions of people to their destination has the cumbersome job of informing and booking tickets to million people in single day. Before, getting to electronically available on internet railway has to manage long queues of passengers boarding with their limited staff. Today, with IRCTC online service, which started in August 2002, passengers can browse train information, route information, seat availability and can book his ticket online. It is really a mammoth task for IRCTC to maintain such a huge database for thousand of trains and millions of passengers moving everyday. E-ticketing is no more a new thing to passengers and many passengers now travel with e-tickets compared to traditionally booked tickets. About 12% of the people been surveyed book the railway e-ticket by themselves whereas 25% people rely on agents to get e-ticket. Still, large populations 63% of internet users are purchasing railway e-ticket through traditional method from railway reservation counters (Figure 7).

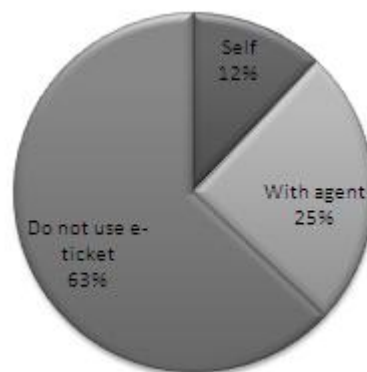


Figure 7: Percentage of IRCTC online e-ticket users based upon survey

Many of the traditional public work from government offices are switching to electronically maintenance and operation of records. It is more suitably called e-governance which has significantly reduced large volume of paper work and has created transparency in record and operation.

Some of the services like e-filing of income tax have benefited customers with easy filing and maintaining records. Other important office which has adopted electrically operation is Passport Office. Applicant use to wait for months to years to get their passports made for traveling. The plan to develop passport office electronically operative is still under development phase under TCS and will be soon in operation which will be able to get passport to applicant within 15 days. Land record information and registration is also been available online which is able to transfer cumbersome paper work load, efficiency and transparency in system. Although e-governance is in implementation phase and has covered small proportion of the large system but it will soon take-over to larger proportion owing to its numerous benefits and would provide a highly transparent and work solution.

India, owing to its large population and still immature society with numerous social evils has maximum number of pending (3crores in 2005) cases of all natures in various courts of the country. It is also a difficult job for victims to register case with police. Under this situation, e-court and adoption of modern electronic method to facilitate court proceedings is beneficial to millions of people to get justice. E-courts equipped with tel-conferencing and video-conferencing facilitate hearing of remote witnesses and fasten court proceeding.

There is significant improvement in Indian education system with adoption of computer in their study and also in their administrative operations. India which is giant in the fields of software technology still has large population of students which need to learn basic computer working. With much dependency upon computer in every field of life, students of any stream need to learn this tool. Rastriya Computer Saksharta Mission (RCSM) and other government schemes had provided benefit to students to learn basic computer at low fees. Universities and colleges now have their personal webpage easing the job to seek information about courses. With online examining system adopted by XLRI, CAT and others lakhs of student can appear for exam online making exam more efficient and effectively managed. Students can apply online for exams and make necessary payments online saving their precious time and energy.

The number of users for internet access has increased about 10 folds in last decade indicating the dependency of user as well as e-marketing business on network technology. Figure 8 shows the growing trend of Indian internet subscribers from year 1998 to 2010. The regression analysis shows best fit curve power function with coefficient of determination 0.968. The best fit curve was used to analyze and project the growing trend upto year 2025 showing growth upto 35 folds compared to 1998 (Figure 9).

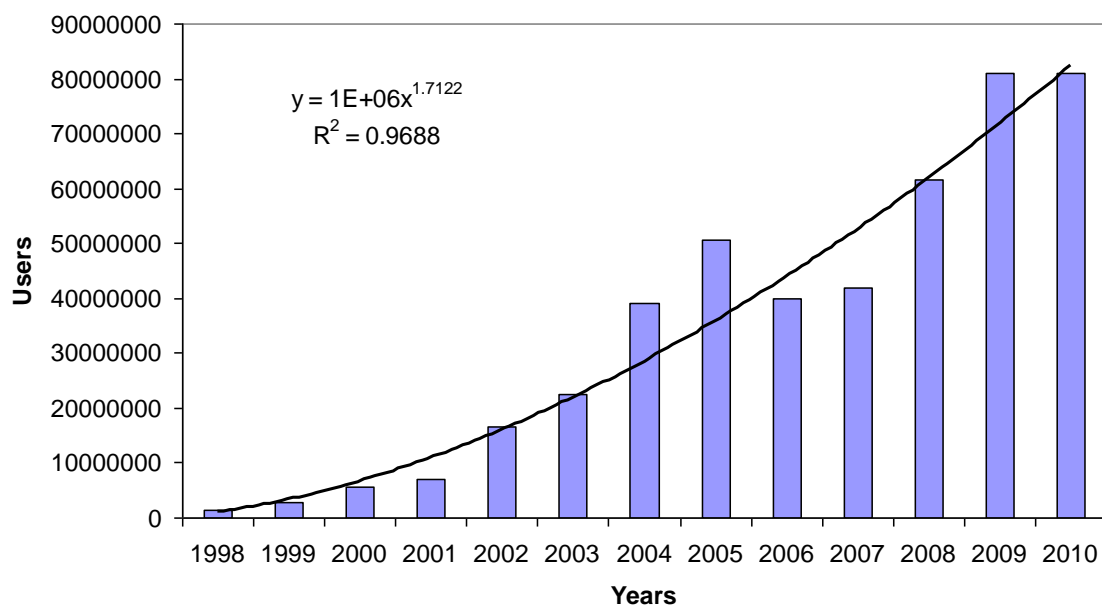


Figure 8: Number of internet users in India from 1998-2010

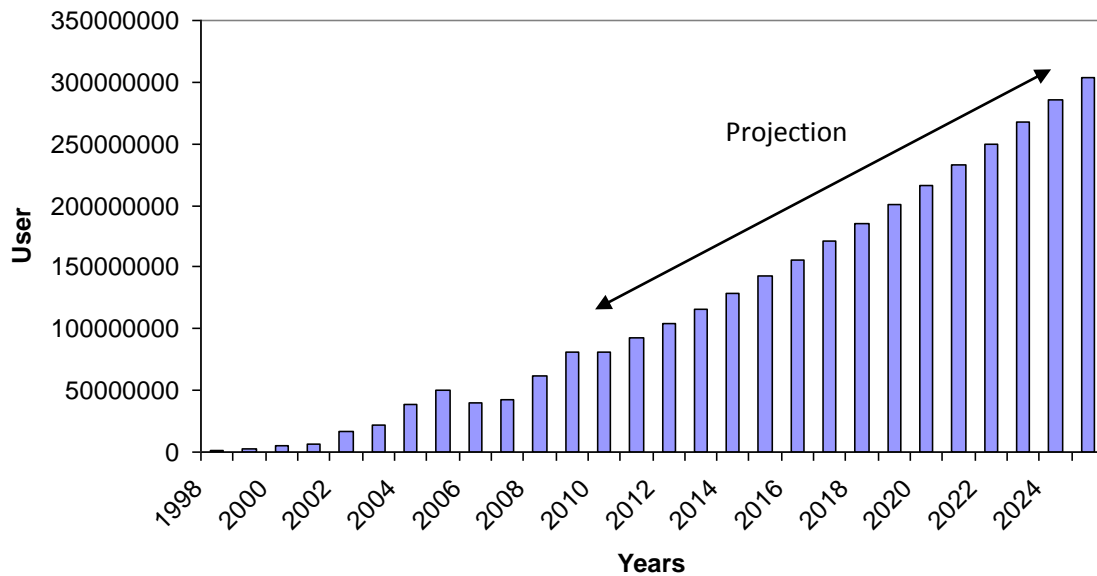


Table 9: Number of internet users in India estimated from 2011-2025

IV. CONCLUSION

The projection model used in study indicates that India will be one of biggest user hub for e-business marketing as well depending upon network technology that will create more reliable, secure and transparent method of business transaction. India currently has lower population penetration and our study shows that it has tremendous growth and therefore high potential for e-business network model to grow, although it will take time to come to its optimum level due to in education among a large segment of people who need to better trained with new technology for adoption. The progress has already begun among the mass youth generation with the use of cell phone technology and the use of ATM cards indicating that Indians are stepping to catch the technology with the world.

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