

# A STUDY ON ELECTRONIC BUSINESS IN DIGITAL INDIA

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## ABSTRACT

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Today India is digital India. Digital India is a campaign launched by the Government of India in order to ensure the Government's services are made available to citizens electronically by improved online infrastructure and by increasing Internet connectivity or making the country digitally empowered in the field of technology. Digital India is a flagship programme of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy. With digitalisation in India, it bridges the gap between the digital haves and have-nots by using technology for citizen. There is a paradigm shift to digital revolution in the nation. With the "Make in India", "Digital India", "Startup India" and "Skill India" campaigns in the nation, the government of India is promoting the digitization process. India is now a digitally competent economy. There is adoption of technology in all sectors and transformation into a digital economy. Businesses are now E-Business in digital India. This paper focuses on the advantages and the disadvantages of E-Business also known as Electronic Business in India.

**Keywords :** E-Business, E-Commerce, Digital India, Internet Penetration, Information Communication Technology

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## INTRODUCTION

Online Business or electronic business also known as E-Business is any kind of business or commercial transaction that includes sharing information across the internet. Commerce constitutes the exchange of products and services between businesses, groups and individuals and can be seen as one of the essential activities of any business. Electronic commerce focuses on the use of information and communication technology to enable the external activities and relationships of the business with individuals, groups and other businesses, while electronic business refers to business with help of the internet. The term "e-business" was coined by IBM's marketing and Internet team in 1996.

Online Business or Electronic Business refers to the use of internet, extranet, web, and intranet to conduct businesses. Electronic Business is quite similar to

Electronic Commerce, but it is more than just a simple act of buying and selling products and services online. Electronic Business includes a wider kind of business processes, such as electronic ordering processing, supply chain management, customer relationship management, etc. So basically, Electronic Commerce is a part of Electronic Business. Information and communication technology have allowed businesses to operate globally without any geographical constraints.

## DEFINITION OF ELECTRONIC BUSINESS

Electronic business also known as E-Business or online business is a kind of commercial transaction which includes sharing the information via Internet. It is simple making business with the help of Internet. The E-business came into existence in the year 1996.

It allows the companies to reach the customers worldwide with no boundary restrictions.

According to Chaffey (2007) Electronic business is defined as the range of business processes are electronically mediated information exchanges to both the internal and external users of the business organisation.

According to IBM Corporation Electronic Business refers to exploiting with the combined power of internet and information and communication technology to transform the key business strategies and the business processes.

## **ADOPTION OF ELECTRONIC BUSINESS BY THE ORGANIZATIONS**

The organisations have felt the need of taking business to E-business so they can directly sell to the customers without any intermediary which makes the product also available at a price lesser. This process connects the buyer and the seller directly without any intermediary. With the updated technology, internet and smart phone penetration, awareness in the nation has given a huge success to E-Commerce Industry. This allows the small and medium size industry to capture the market with minimum capital and also give tough competition to big companies and can also do big businesses.

## **USES OF ELECTRONIC BUSINESS**

**Below listed are the uses of Electronic Business:**

- Electronic Business removes the geographical boundaries and the organisations can explore their businesses worldwide.
- All the product related description like image, information can be shared via Internet.
- Here, in e-business there is direct contact between buyer and the seller and hence absence of intermediary reduces the cost of the product and makes it cheaper.

- With the help of this updated technology the product colourful images, 360-degree image, 3D image will make the product attract full to the customers and increase the business.
- With the use of Internet, the services can be provided online.
- It becomes very easy for the customer to search the product on internet.
- The needs of the customers can be easily understood with the help of Internet.

## **ROLE OF ELECTRONIC BUSINESS IN INDIA**

India is a developing country and is also at a developing stage in Electronic Business. The internet users are quiet less compared to rest countries of the world. With various initiatives by the government like “Digital India”, “Skill India”, “Make in India”, the digitalisation is encouraged in all the sectors and people are also made aware regarding it which help in increase in electronic business in our country. According to IAMAI on 1-01-2009 there were 15 million internet users in the year 2004 in India. Which increased to 50 million in the year 2007 which shows that the internet users are increasing at a very good pace in the nation. According to one of the reports of IAMAI there is increase in the demand of various services digitally like airline ticketing, railway bookings, and increase in the shopping of products online like electronic gadgets and home appliances. The current e-commerce market is around 34% of overall retail market with an online GMV of \$30billion in the year 2020. India's e-commerce market is set to clock \$100-120billion in GMV and around 300-350 million shoppers by the year 2025 a report by Bain and Co. said.

## **CURRENT INDIAN SCENARIO OF ELECTRONIC BUSINESS IN INDIA**

The current e-commerce market in India accounts for 3.4% of the overall retail market with 100-110

millions internet users and with an online GMV of around \$30 billion as per the report prepared in partnership with Walmart owned Flipkart said. India's e-commerce market is said to see 300million online shoppers by the year 2025. India lags with the neighbourhood country china by 14% internet penetration by the year 2019. One of the reports says the increase in mobile and internet penetration and improved logistics and payment infrastructure has helped china capture such market share. China has similar levels of shopper penetration as India, eight years ago, which grew from 8% to 40% because of drop in data prices and with good improved electronic retail infrastructure.

## **ADVANTAGES OF ELECTRONIC BUSINESS IN INDIA**

- One of the advantages of E-Business is there are no geographical boundaries, anyone can order anything from anywhere 24\*7, which is quite convenient to the customer.
- It is quite easy to set up an electronic business. It can be even set up by sitting at home with the required software, a device and the internet., so it reduces the cost and is a cheaper option. It helps business houses to save money to pay for a storefront, utilities, building maintenance and warehouse, rent electricity, telephone bills. It is also environmentally friendly.
- The government has launched various campaigns like “Make in India”, “Digital India”, “Skill India”, “Startup India” which promotes digitization and government gives various benefits and subsidies for promoting online businesses.
- With the availability of Internet 24\*7 E-business breaks down the time barriers and offers flexibility to the customers.
- With information and communication technology conversations can happen easily and quickly. It facilitates faster decision-making which saves

time, and time is money in business.

- Electronic business allows owners to embrace their power in ways they haven't been able to before, more control is possible and marketing becomes cheaper here.
- Electronic business means freedom – freedom of location, freedom to dictate the hours you work, and the freedom to push your company where you want it to go in ways that best suit your lifestyle, goals and needs and also customer can be reached faster.

## **DISADVANTAGES OF ELECTRONIC BUSINESS IN INDIA**

- In Electronic Business one cannot touch or feel the product, so it becomes difficult for the consumers to check the quality of the product hence may lead to customer dissatisfaction if expectations do not match. One cannot touch, feel, smell or taste the product.
- In traditional business, you get the product as soon as you buy it. But that doesn't happen in online business. This lag time often discourages customers. Nowadays companies are trying to resolve this issue and ensure faster delivery. Example amazon now assures one day delivery.
- E-Business has a few security and integrity issues. This also causes distrust among potential customers. Hackers try to get your financial details. Even there are virus threats. Securing Electronic Business against cyber attacks is a challenge.
- Electronic business which totally runs on the internet requires a good connection to run the business online. One of the issues is good network bandwidth connection is required or else you might face issue with placing the orders, loading pages, and check out issues too.

- In electronic business customer loyalty is always on a check. E-Business is impersonal.
- Adequate knowledge regarding the use of computers, technology and internet is required. It becomes an obstacle for the illiterate and elder persons who are not updated with the technology.
- One of the challenges in E-Business is anyone can easily start a business and there are many bad sites which eat up customer's money and even there is no guarantee of product quality.

## **GROWTH OF ELECTRONIC BUSINESS IN INDIA**

India has 40% of its population which uses the internet and is about 475 million as of July 2019. In our nation India, the national residents prefer cash on delivery option which accumulates 75% of the E-retail activities. The demand for international products is also increasing with smart phone penetration and good literacy in the country rather than the within country supply from authorised dealers and electronic commerce offerings. The long tail business strategy allows the companies to get profits by selling the products in low volumes of hard to find items to many customers instead to sell a large volume of reduced number of popular products to the consumer. In the year 2017, the largest E-Commerce companies which gained tremendous market share in the country were Flipkart, Snapdeal and Amazon. In the year 2018, Amazon beat flipkart and was the highest in terms of revenue. The top 10 e-commerce companies in India in the year 2020 are Amazon, Flipkart, Myntra, Paytm, Snapdeal, AJIO, Alibaba Group, ShopClues, Paytm Mall, Tata Cliq. The top 10 E-Commerce Websites in India for the year 2020 are as amazon.com at 3rd, Flipkart.com at 6th, Myntra.com at 78th, Paytm.com at 122nd, Snapdeal.com at 159th, Ajo.com at 189th, Alibaba.com at 267th, Shopclues.com at 424thrank, Paytm mall.com at 565th Rank, Tatacliq.com at 2477th Rank. The top 10 Electronic Commerce application in the year 2020 are listed as Amazon,

Flipkart, Myntra, Aliexpress, Paytm, Shein, Ajo, Snapdeal, Jabong, Shopclues.

The current scenario is showing that it is propelling India towards global leadership in E-commerce area and our nation is marching towards becoming a digitally empowered society which will definitely have a positive impact in our society. The various initiatives by the government which is focusing on digitalisation and E-governance, E-banking, digital payment system which will help weed corruption in the nation and promote economic growth in our nation. The country is expected to become a trillion-dollar digital economy by the year 2025 with widespread acceptance of digitalisation. With internet and smart phone penetration in the nation our country is the world's promising Internet economy. It is expected that the Indian e-commerce market will exceed 100 billion USD by the year 2022 with digital financial services to grow at the fastest rate. With increasing awareness, easy access and smart phone penetration the number of Digitally live and Digital champions is expected to grow which will help the nation boosting our economy and lead India our nation towards global leadership. The “Make in India”, “Digital India”, “Skill India”, initiatives should be given full support by the nationals to promote digitalisation and have E-Governance in the country. The Electronic business has a significant positive impact on our economy and with the current revenue of 39 USD billion in the year 2017 is expected to grow with faster pace to 120 USD billion by the year 2020.

## **ROAD AHEAD OF ELECTRONIC BUSINESS IN INDIA**

The electronic commerce is directly having an impact on micro, small and medium enterprises (MSME) by providing different helpful means such as updated technology, easy financing, good training, and thus it has a positive favourable cascading effect on other industries of the nation. The electronic business in India is on a tremendous upward growth which has a positive impact on the economy of our

nation and is said that it is about to surpass the united states to become the second largest in the world by 2034 in this sector market. With recent technology updated innovations like E-payments, hyper-local logistics, analytics driven engagement of the customers and the advertisements in the digital form is likely to have a strong positive impact and enhance growth of Electronic business in India. With this growth in the Electronic Business will help boost employment in the nation, help increases the source of revenue from the exports, will help too increase collection of tax by ex-chequers and better developed products and services for the nationals of the country. The rise in the use of smart phone mobile is expected to rise to 84% and to reach by 859 million by the year 2022.

## CONCLUSION

India is one of the fastest growing market. The country is witnessing a massive increase in internet users and is bridging the digital gap between the rural and urban India. With the “Make in India”, “Digital India”, “Startup India” and “Skill India” campaigns in the nation, the government of India is promoting the digitization process. Digital technologies, smart phone penetration and increased access to computing has already created new business models and increased access to services. Given the size, the dimension and the complexity of the challenges, India is moving towards its targeted objective with impressive continuity and speed. India's adoption of technology in all sectors and transformation into a digital economy will have a positive impact on our economy. Creating an economy more reliant on the internet and less paper based will be environment friendly and promote sustainable development and will also weed corruption which will lead to positive impact in an economy.

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