SOCIAL DIMENSIONS OF THE E-COMMERCE WORLD IN INDIA

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ABSTRACT

Electronic commerce or ecommerce is a term for any type of business, or commercial transaction that involves the transfer of information across the Internet. It covers a range of different types of businesses, from consumer based retail sites, through auction or music sites, to business exchanges trading goods and services between corporations. It is currently one of the most important aspects of the Internet to emerge. This paper covers the social dimensions of e-business practices in India with global outlook.

Keywords: Social Dimensions, E-commerce, Information Technology*.*

INTRODUCTION

The emergence of large business organizations in the late 1800s and early 1900s triggered the need to create and maintain formal records of business transactions. In the 1950s the companies began to use computers to store and process internal transaction records. In 1979, ANSI charted a new committee to develop uniform EDI standards; called Accredited Standards Committee X12.

E- Commerce is a rapid and exciting area of development, with new issues emerging everyday in this global and real-time activity. Electronic commerce or ecommerce is a term for any type of business, or commercial transaction that involves the transfer of information across the Internet. It covers a range of different types of businesses, from consumer based retail sites, through auction or music sites, to business exchanges trading goods and services between corporations. It is currently one of the most important aspects of the Internet to emerge. E-Commerce can be defined as business activities conducted using electronic data transmission via the Internet and WWW. Hence, E-commerce is business in the online environment.

The role of the internet in the evaluation of e-commerce is so crucial that the history of e-commerce will remain incomplete without the inclusion of the history of internet. The need for more timely information leads to the development of world's largest and most widely used networks, called the internet. The internet is as international collection of hardware and software from hundreds of thousands of private and public computer networks. It is no wonder that people of commerce quickly saw opportunities in using the internet to conduct business. The universality that the internet offered had capacitated by businesses into

universally accepted standards of environment in the form of World Wide Web (WWW). Tim Berners-Lee of the European Laboratory for particle Physics was credited in 1990 with developing protocols used in the initial development of the WWW (Deithel, 2001).

The internet has created a new economic ecosystem, the e-commerce marketplace, and it has become the virtual main street of the world. Providing a quick and convenient way of exchanging goods and services both regionally and globally, e-commerce has boomed. Today, e-commerce has grown into a huge industry with US online retail generating $175B in revenues in 2007.

In the last decade, many startup e-commerce companies have rapidly stolen market share from traditional retailers and service providers, pressuring these established traditional players to deploy their own commerce websites or to alter company strategy in retaliation. This effect is most pronounced in travel services and consumer electronics.

The Foundation of E-Commerce

E-commerce is generally described as a method of buying and selling products and services electronically. The main vehicle of e-commerce remains the Internet and the World Wide Web, but use of e-mail, fax and telephone orders is also prevalent. Electronic commerce is the application communication and information sharing technology among trading partners to the pursuit of business objectives. E-commerce can be defined as modern business methodology that addresses the needs of the organization, merchants and consumers to cut costs while improving the quality of goods and services and speed of service delivery. E-commerce is associated with the buying and selling of information, products, and services via computer networks. A key element of e-commerce is information processing. E-commerce (or e-commerce) consists of buying and selling products and services over the Internet, as opposed to the standard commerce practices. It is a subset of a company's e-business strategy. Often e-commerce is used to add revenue streams to a standard business.

E-commerce is a subset of business, where products and services are advertised, bought and sold electronically or over the Internet. Many businesses have become extremely profitable through online sales. Dell Computers is a prime example. Small companies and even individuals can also market their products or services on a worldwide basis through e-commerce. Large companies can reduce sales and stocking costs by selling online.

E-commerce in India – what does it look like today? Indian ecommerce space percentage is getting higher as more and more online retailers enter the market. Although this level of entry in the e-commerce market is good from a long term perspective, the challenge is that most entrepreneurs don't have the resources or capital to wait for years before they can get profits. E-fulfillment is the physical delivery of those real orders in the virtual world. E-retailing should be understood as a service that delivers different goods, ordered through the Internet (as well as fax or phone), to a place defined by the customer. In this context e-shopping is a form of virtual retailing as opposed to the usual stationary business.

There are several key drivers the growth of e-commerce:

1. The economy, consumer spending, and retail spending

At a macro level, overall economic activity and total retail spending in general are key drivers to the growth of e-commerce. At a micro level, for instance, rising oil prices and

gasoline costs could benefit e-commerce players, e.g., it is more expensive driving to the offline retail store than shopping online. The recession beginning in 2008 has slowed e-commerce, but overall sales are still growing. US online retail sales grew 11% in Q1 2008 compared to a growth of 16.9% in Q1 2007.

2. Online Taxation:

Several proposals have been made at the U.S. state and local level that would impose additional taxes on the sale of goods and services through the Internet. These proposals, if adopted, could substantially impair the growth of e-commerce. The U.S. federal government's moratorium on states and other local authorities imposing access or discriminatory taxes on the Internet is scheduled to expire in November 2007. The taxation situation is a dynamic, one, and one, which is carefully being watched by many stakeholders.

3. Differentiation vs. Click-and-Mortars

Many e-commerce websites have established their leadership positions through low prices, high customer satisfaction, and convenient interfaces--but that position is becoming less and less unique. The largest retailers, such as Wal-Mart, Target, and Best Buy are pressing harder to gain market share online. The inroads the click-and-mortar retailers have been making is evident in recent com Score data, which shows the unique user traffic at the aforementioned sites increasing at greater year-over-year rates vs. pure e-commerce players. Those pure play e-tailers that develop and deploy the most unique web technologies to enhance consumer experiences and keep prices competitive will be in the best position to ward off the click-and-mortar convoy.

4. Internet Penetration and Emerging Markets

Global Internet penetration rates have an enormous impact on e-commerce growth rates. Currently, more than 90% of the world does not have access to the internet, and hence, e-commerce. Reduced Internet surfing charges, Internet technology development covering expanded bandwidth, and increased speeds & reliability could make e-commerce available to a large pool of emerging market consumers. In India, only about 60 million (or 5.2%) of a total 1 billion person population currently have access to the internet. The companies that are able to gain significant traction first in emerging markets will be at great advantage to competitors

The Growing Importance of Information and Communication Technologies:

The effects of e-commerce are already appearing in all areas of business, from customer service to new product design. It facilitates new types of information based business processes for reaching and interacting with customers-online advertising and marketing, online, order taking and online customer service etc. It can also reduce costs in managing orders and interacting with a wide range of suppliers and trading and trading partners, areas that typically add significant overheads to the cost of products and services.

The most talked about and well-endorsed feature of e-commerce is its global flavor. Evidently, e-commerce has also started to show its true potential in India. While on one hand, India's e-commerce solutions are becoming a sought after commodity around the world, even e-commerce based businesses are leaving their distinct marks of technology competitiveness, viable business model and entrepreneurship. E-business can indeed emerge

as a major opportunity for India. This acquires twin connotations of e-commerce and e-business transactions from local businesses and a huge opportunity for software exports to other countries by quickly joining the e-business bandwagon. India's twin assets (the software industry and rapidly restructuring industry sector) sector has been taken into consideration (Table1).

According to the NASSCOM survey, considering the interest the Government is taking in the growth of the market, e-commerce in India will witness a significant jump over the next three years. Based on these preliminary findings, experts have concluded that penetration of Internet and e-commerce transactions in India will increase substantially.

Revenue streams would increasingly be aligned with the emerging global model, it is being anticipated. This would mean that the majority of the revenues would come from transactions; while a smaller amount would be realized from advertising revenues would come from transactions, while a smaller amount would be realized from advertising revenues.

The recent survey conducted by Nielsen, India has emerged as the 3rd biggest nation when it comes to online shopping and using a credit card online. Drawn by the facilities offered by the Web and the diversity of products available on it, Indian citizens have emerged as the third biggest credit card users globally for online purchasing, next only to the Turkey and Ireland.

Table 1. B2C E-Commerce Sales in Selected Countries

B2C E-Commerce Sales* in Select Countries in the Asia-Pacific Region, 2006-2011 (bilions)

	2006	2007	2008	2009	2010	2011
Australia	$9.5	$13.6	$20.4	$26.4	$28.7	$31.1
China**	$2.4	$3.8	$6.4	$11.1	$16.9	$24.1
India	$0.8	$1.2	$1.9	$2.8	$4.1	$5.6
Japan	$36.8	$43.7	$56.6	$69.9	$80.0	$90.0
South Korea	$9.6	$10.9	$12.4	$14.0	$15.9	$17.9
Asia-Pacific	**$59.1**	**$73.3**	**$97.7**	**$124.1**	**$145.5**	**$168.7**

Note: converted at average annual exchange rates (projected for future years); total B2C e-commerce sales include all purchases made on a retail Web site, regardless of device used to complete the transaction; *includes online travel, event ticket and digital download sales; **excludes Hong Kong
Source: eMarketer, January 2008

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Technology Development

The growth and development of information and communication technologies (ICTs) has led to their wide diffusion and application, thus increasing their economic and social impact. E-commerce is one such enabling technology, which has wide spread utility touching almost everybody in society. It helps buyers and sellers, individuals and business, retail and bulk

suppliers. In fact, electronic commerce (e-commerce, for short) has very attractive features like anywhere, anytime shopping / banking (24 hours x 365 days) and no holidays, zero inventory, no middlemen, and so forth. It helps customers to compare various products in the range and class, study their features/performance and make an informed decision about the merchandise before purchasing.

On the other hand, sellers/producers also get advantage of targeted customers without doing active marketing. If information about goods/merchandise is made available on web (internet), the intended buyer will get the information, without active advertisement of the goods by the producer. Thus, both the parties, buyers and sellers, get unique advantages by ecommerce technology.

With the preceding in mind, the dynamic nature of the new economy, and particularly the Internet, calls for decision makers to develop policies that stimulate growth and advance consumer interests. But, in order to create the foundation for the rapid growth of e-commerce, enterprises must adopt the effective e-commerce technology policies that embrace the following four crucial principles:

1. Strong intellectual property protection:

Innovation drives e-commerce technology, and rewarding creativity fosters innovation. Thus, a strong copyright, patent, and other form of intellectual property protection is key to invigorating the information economy.

2. Online trust security and privacy:

Without consumer confidence in the safety, security, and privacy of information in cyberspace, there will be no e-commerce and no growth. Protecting information and communications on the Internet is an absolute prerequisite to the continued success of the Internet and the information economy.

3. Free and open international trade:

Closed markets and discriminatory treatment will stifle e-business. The Internet is a global medium, and the rules of the information economy must reflect that fact. Only in an open, free market will the Internet's potential be realized.

4. Investing in an e-commerce technology infrastructure:

Supporting the physical infrastructure necessary to deliver digital content (primarily through telecommunications deregulation and government efforts to reduce the digital divide) is vital to spurring technological growth.

The early applications of the technologies drew heavily upon business to consumer (B2C) models, offering everything from holidays and sportswear to food and house wares, but the wider business community was slow to understand the relevance for businesses which would not traditionally wish to market directly to the end user. Dot Com millionaires became the new pop stars, vaulting effortlessly over incumbent retailers with established models, thrust forward by their financial backers for whom the 'exit strategy' was everything.

Now that the technologies have thrown up industry standards, trends, and 'tried and tested models,' it is imperative that those entering the industry (or seeking to develop their existing knowledgebase) be equipped with a thorough understanding of the technologies, the applications and the successful models. In applying internet technologies to a given business process, the weakness of the systems often lies in the integration of human resources and existing business processes with the new systems. The design of the next generation world class ecommerce architecture will require systems to be ergonomic in nature, outwardly simplistic but in actual fact sophisticated and intuitive (Figure 1.1). If anything, as the world progresses from enabling technologies into pervasive technologies, the pace of change continues to accelerate.

E-learning as a social tool:

E-commerce has brought about many changes in organizations and has had significant impact on the quality of life that is experienced by individuals or even indirectly as members of society. The need to have fast and efficient information on products is crucial to our socially-conscious and technologically-dependent society; hence, information technology has increased the intolerable burden of handling the increasing amount of information and human errors with which the society is expected to contend. The Economic and Social Impacts of E-Commerce addresses issues associated with the advent of e-commerce, and its significance within society. The table 2 is the summery of the e-business transaction models:

Table 2. E-Business Transaction Models

Model	Description	Examples
B2C	Sell products and services directly to consumer's	Amazon.com, eDiets.com
B2B	Sell products or services to other businesses and brings multiple buyers/sellers at one place.	MetalSite.com, VerticalNet.com
B2G	Businesses selling to local state and federal agencies	iGov.com
C2C	Consumers sell directly to other consumers.	ebay.com, InfoRocket.com
C2B	Consumer fixes price on their own, which businesses accept or decline.	Priceline.com

Further, there have been sites, which propagate social objectives along with the business:

Table.3. Social Objectives Along With the Business

Sites	Social objective
Bharat matrimonial, marriage.com, jeevansathi.com	Marriage, match making for bride & grooms
Naukri.com, monster.com	Job search, employment match
Bharat students	Alumni meetings, searching friends
Siliconindia.com, Citehr.com	Exchange of Professional thoughts, expertise, views.

Another tool that has emerged as a multilingual, web based e-procurement solution provider is e-Choupal. It is a pioneering techno-business initiative of ITC Ltd. The eChoupal concept is 'of the farmer, by the farmer, for the farmer; and is a big hit for the following reasons:

- Farmers can obtain information about other offers and make an independent decision about where they want to sell their produce.

- The eChoupal system gave the farmer an option to sell the produce to ITC anytime without going to mandi.

- As there was no word-of-mouth communication of prices, there is a transparency in the system.

- The entire system is used by the villagers with the sanchalak himself being another villeger, so the degree of ownership is very high.

- EChoupal gives farmers other information related to Weather, Best farming practices, Market, Crops, Soil testing, Feedback, Central government schemes and other news.

Economic and Social Impact Of E-Commerce

Five broad themes have emerged as important for understanding the economic and social impact of electronic commerce:

1. The effect on the marketplace

Electronic commerce transforms the marketplace. E-commerce will change the way business is conducted: traditional intermediary functions will be replaced, new products and markets will be developed, new and far closer relationships will be created between business and consumers. It will change the organization of work: new channels of knowledge diffusion and human interactivity in the workplace will be opened, more flexibility and adaptability will be needed, and workers' functions and skills will be redefined.

2. The catalytic role

Electronic commerce has a catalytic effect. E-commerce will serve to accelerate and diffuse more widely changes that are already under way in the economy, such as the reform of regulations, the establishment of electronic links between businesses (EDI), the globalization of economic activity, and the demand for higher-skilled workers. Likewise, many sectoral trends already under way, such as electronic banking, direct booking of travel, and one-to-one marketing, will be accelerated because of electronic commerce.

3. The impact on interactivity

E-commerce over the Internet vastly increases interactivity in the economy. These linkages now extend down to small businesses and households and reach out to the world at large. Access will shift away from relatively expensive personal computers to cheap and easy-to-use TVs and telephones to devices yet to be invented. People will increasingly have the ability to communicate and transact business anywhere, anytime. This will have a profound impact, not the least of which will be the erosion of economic and geographic boundaries.

4. Openness

Openness is an underlying technical and philosophical tenet of the expansion of electronic commerce. The widespread adoption of the Internet as a platform for business is due to its non-proprietary standards and open nature as well as to the huge industry that has evolved to support it. The economic power that stems from joining a large network will help to ensure that new standards remain open. More importantly, openness has emerged as a strategy, with many of the most successful e-commerce ventures granting business partners and consumers

5. Unparalleled access to their inner workings, databases, and personnel

This has led to a shift in the role of consumers, who are increasingly implicated as partners in product design and reaction. An expectation of openness is building on the part of consumers/ citizens, which will cause transformations, for better (e.g. increased transparency, competition) or for worse (e.g. potential invasion of privacy), in the economy and society.

6. Electronic commerce alters the relative importance of time

Many of the routines that help define the "look and feel" of the economy and society are a function of time: mass production is the fastest way of producing at the lowest cost; one's community tends to be geographically determined because time is a determinant of proximity. E-commerce is reducing the importance of time by speeding up production cycles, allowing firms to operate in close co-ordination and enabling consumers to conduct transactions around the clock. As the role of time changes, so will the structure of business and social activities, causing potentially large impacts.

Social Implications:

It has long been established that social processes of various kinds, including some that are cultural and attitudinal in nature, enable and support efficient markets and economies. Consequently, to understand which environments favor electronic commerce, it is important to identify the social processes that underlie electronic markets and determine their viability. Knowledge of these enabling factors could inform public policies for promoting the growth of electronic commerce nationally and internationally. Two such elements are identified and briefly explored here – first, access and its determinants and constraints and, second, confidence and trust.

1. Access to the digital economy

The "death of distance" (Cairncross, 1997) that is intrinsic to information networking is probably the single most important economic force shaping society at the dawn of the 21st century. Both for individual citizens and for businesses, affordable access to the information infrastructure has become a necessity for effective participation in a knowledge-based economy and society (IHAC, 1997). As a result, several aspects of access are important: Network availability, Connectivity and Skills & digital literacy

2. Confidence and trust

Most business relationships, whether between a company and a consumer or among firms, exhibit a strong element of confidence and trust. While both conventional and electronic markets rely on high levels of mutual trust, electronic transactions create specific challenges

for both businesses and individuals. Because they are impersonal and remote, these exchanges make mechanisms that reduce or eliminate risk especially important. In particular, the potential for anonymity can pose greater risks of fraud for parties engaged in an electronic transaction than for those involved in more traditional forms of commerce.

Adverse Effects of E-Commerce

E-commerce is credited with empowering employees and knowledge workers, by giving them easy access to virtually unlimited information. E-commerce technologies have helped nations to accelerate their economic growth and to provide more opportunities for the businesses to grow. Meanwhile, it has also created many challenges and adverse effects, such as concerns over privacy, consumer protection, and security of credit card purchases, displacement of workers (especially low-status ones), and is charged with having a negative impact on quality of work life. It could affect adversely in the following ways:

1. As a target for crime:

Computer crime or cybercrime is a form of crime where the Internet or computers are used as a medium to commit crime. This includes Cyber stalking.

2. Privacy at a risk in the internet age:

Minimizing the risks related to the Internet security is of primary concern for any online business site. Internet security is very important and must be guarded severely at all costs. Minimizing the risks related to online security will ensure that you will be able to attract many customers to your online sites. Internet privacy is at risk due to the presence of different elements. The presence of spyware is one factor of risk for Internet privacy security.

3. Phishing:

In the field of computer security, phishing is the criminally fraudulent process of attempting to acquire sensitive information such as usernames, passwords and credit card details by masquerading as a trustworthy entity in an electronic communication. Communications purporting to be from popular social web sites, auction sites, online payment processors or IT administrators are commonly used to lure the unsuspecting public. Phishing is typically carried out by e-mail or instant messaging.

4. Internet Gambling

Statistics prove that teen-age Internet gambling is the fastest growing addiction of the day, akin to drug and alcohol abuse in the 1930s, It's pernicious, it's evil, it's certainly one that feeds on those who are the weakest members of society — and that's the young and the poor. If gambling continues to be abused by teenagers and young adults, it may lead to compulsive gambling.

5. Threats to children

Children present unique security risks when they use a computer—not only do you have to keep them safe, you have to protect the data on your computer. By taking some simple steps, you can dramatically reduce the risks. What are the risks?

- Inadvertent exposure to inappropriate images or content.

- Solicitation by sexual predators in chat rooms and by email.

- Online bullying or harassment.

- Piracy of software, music or video.

- Disclosure of personal information.

- Spyware and viruses.

- Excessive commercialism: advertising and product-related websites.

- Illegal downloads, such as copyright-protected music files.

Ethics in E-Commerce

Good business ethics should be a part of every business. There are many factors to consider. Many global businesses, including most of the major brands that the public uses, can be seen not to think too highly of good business ethics. Many major brands have been fined millions for breaking ethical business laws. Five moral dimensions of the information age are:

- Information rights and obligations: What information rights do individuals and organizations possess with respect to information about themselves.

- Property rights: How will traditional intellectual property rights be protected in a digital society in which tracing and accounting for ownership is difficult, and ignoring such property right is so easy.

- Accountability and control: Who can and will be held accountable and liable for the harm done to individual and collective information and property rights?

- System quality: What standards of data and system quality should we demand to protect individual rights and safety of society?

- Quality of life: What values should be preserved in an information and knowledge-based society? What instructions should we protect from violation? What culture values and practices are supported by the new information technology?

CONCLUSION

The Internet provides a vehicle to trade with remote and marginal markets. E-Commerce is an evolutionary and encompassing notion, which extends into the real world beyond the implementation of information technology. Citizens and consumers need to be educated and able to recognize and ensure their privacy, access, equity and consumer interests are preserved against the onslaught of technology, government efficiency and aggressive and innovative business practices.

E-business is raising significant legal and social issues worldwide. Literature studies suggest that legal issues in e-commerce are one of the challenges facing e-commerce growth. As the growth of e-commerce continues, the social, legal implications and rules to govern it will also evolve. Consequently, the policy issues that arise from its use create new responsibilities for policy makers worldwide. Apart from the technical (e.g., fast and reliable networks) and regulatory (e.g., legal frameworks and standardization) challenges that need to be tackled, there are a number of social concerns that also need consideration. It is important for policy

makers to see Internet use and electronic commerce as a social as well as a technical phenomenon.

National governments need to develop policy, regulatory and legislative frameworks which are adaptable, enforceable, to the use of E-Commerce. The provision of national Health and Education services need to balance community values, competitive priced services and accessibility. Governments will also be keen to monitor and balance the effect of E-Commerce on taxation revenue streams and opportunities for laundering the proceeds from criminal activities.

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