

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT

I
J
R
C
M



A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A.

Open J-Gate, India [link of the same is duly available at Inlibnet of University Grants Commission (U.G.C.)],

Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 3130 Cities in 166 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

<http://ijrcm.org.in/>

CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	INDIAN TAX POLICIES: HOW FAR RATIONAL <i>DR. SANJIV MITTAL, DR. SUNIL KUMAR & DR. MONIKA GUPTA</i>	1
2.	A STUDY ON THE IMPACT OF JOB STRESS ON EMPLOYEE'S PERFORMANCE: A COMPARATIVE STUDY OF THE EMPLOYEES OF SALES DEPARTMENT OF LIC AND RELIANCE LIFE INSURANCE COMPANY LTD. <i>DR. ANIL CHANDHOK & DR. BHAVET</i>	6
3.	AN ANALYSIS OF FACTORS INFLUENCING MORALITY IN PROCUREMENT OPERATIONS IN CORPORATE SECTOR <i>PHILLIP KOFA, ELISHA MKOFIRHA ADE & KARIM OMIDO</i>	10
4.	ANALYSIS OF INDIA'S TRADING WITH CANADA UNDER THE LIBERALIZED REGIME <i>DR. MASROOR AHMAD BEG</i>	16
5.	ANALYSIS OF STRATEGIC HUMAN RESOURCE MANAGEMENT PRACTICES ON ORGANIZATION EFFICIENCY IN THE PRIVATE SECTOR - A CASE STUDY OF NAKUMATT HOLDINGS LIMITED <i>ELISHA MKOFIRHA ADE, PHILLIP KOFA & KARIM OMIDO</i>	22
6.	SHOULD INDIAN MSMEs USE FINANCIAL DERIVATIVES? <i>RAM MOHAN MISHRA & DR. P. V. RAJEEV</i>	29
7.	IMPLICATIONS OF REVISED DIRECT TAXES CODE ON PURCHASING POWER OF INDIVIDUALS <i>DR. SAMBHAVANA GUPTA, DIVYA CHAUDHARY & LATA KAUSHIK</i>	32
8.	AMBEDKAR'S VIEWS ON INDO-PAK PARTITION AND SOCIAL CONCERN <i>DR. RAMESH KAMBLE & C U. DHAVALESHWAR</i>	34
9.	FDI IN E-COMMERCE: GOOD OR BAD <i>VINEY NARANG & ANSHU JAIN</i>	37
10.	IS IT ETHICAL TO EMPLOY CHILDREN IN ADVERTISEMENTS? A FEW CASE STUDIES OF INDIAN ADVERTISEMENTS <i>GAURAV KUMAR GUPTA & MAYURI GAUR</i>	46
11.	STUDYING THE EFFECT OF UTILIZING FINANCING METHODS ON LIQUIDATION OF CAPITAL MARKET (TEHRAN STOCK EXCHANGE) <i>MOSTAFA MOHAMMADI & DR. MEHDI MESHKI</i>	48
12.	IDENTIFYING AND RANKING FACTORS CONTRIBUTING TO OUTSTANDING CLAIMS IN QHARD HASSAN MEHR IRAN BANK USING FSIMILARITY METHOD <i>SEYED REZA HOSEINI, MOHAMMAD ALI GHAZANFARI MOJARAD & MOHAMMAD REZA ASGARI</i>	53
13.	AN INVESTIGATION INTO THE IMPACT OF MICROFINANCE LOANS ON PERFORMANCE OF SMALL BUSINESSES: A CASE STUDY OF MERU SOUTH DISTRICT-KENYA <i>KENNETH MUTUIRI NTHUNI, LEWIS KATHUNI KINYUA & THOMAS MOCHOGE MOTINDI</i>	59
14.	MARKETING PROCEDURE OF HANDICRAFT PRODUCTS: A STUDY ON CONCH SHELL INDUSTRY OF WEST BENGAL IN INDIA <i>ANAMITRA PAUL</i>	65
15.	PRESENT ECONOMIC JHUM ACTIVITIES OF THE CHAKMAS OF TRIPURA <i>UTTAM KUMAR DAS</i>	70
	REQUEST FOR FEEDBACK & DISCLAIMER	73

CHIEF PATRON

PROF. K. K. AGGARWAL

Chairman, Malaviya National Institute of Technology, Jaipur

(An institute of National Importance & fully funded by Ministry of Human Resource Development, Government of India)

Chancellor, K. R. Mangalam University, Gurgaon

Chancellor, Lingaya's University, Faridabad

Founder Vice-Chancellor (1998-2008), Guru Gobind Singh Indraprastha University, Delhi

Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

FOUNDER PATRON

LATE SH. RAM BHAJAN AGGARWAL

Former State Minister for Home & Tourism, Government of Haryana

Former Vice-President, Dadri Education Society, Charkhi Dadri

Former President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

CO-ORDINATOR

DR. BHAVET

Faculty, Shree Ram Institute of Business & Management, Urjani

ADVISORS

DR. PRIYA RANJAN TRIVEDI

Chancellor, The Global Open University, Nagaland

PROF. M. S. SENAM RAJU

Director A. C. D., School of Management Studies, I.G.N.O.U., New Delhi

PROF. M. N. SHARMA

Chairman, M.B.A., Haryana College of Technology & Management, Kaithal

PROF. S. L. MAHANDRU

Principal (Retd.), Maharaja Agrasen College, Jagadhri

EDITOR

PROF. R. K. SHARMA

Professor, Bharti Vidyapeeth University Institute of Management & Research, New Delhi

CO-EDITOR

DR. SAMBHAV GARG

Faculty, Shree Ram Institute of Business & Management, Urjani

EDITORIAL ADVISORY BOARD

DR. RAJESH MODI

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

PROF. SIKANDER KUMAR

Chairman, Department of Economics, Himachal Pradesh University, Shimla, Himachal Pradesh

PROF. SANJIV MITTAL

University School of Management Studies, Guru Gobind Singh I. P. University, Delhi

PROF. RAJENDER GUPTA

Convener, Board of Studies in Economics, University of Jammu, Jammu

PROF. NAWAB ALI KHAN

Department of Commerce, Aligarh Muslim University, Aligarh, U.P.

PROF. S. P. TIWARI

Head, Department of Economics & Rural Development, Dr. Ram Manohar Lohia Avadh University, Faizabad

DR. ANIL CHANDHOK

Professor, Faculty of Management, Maharishi Markandeshwar University, Mullana, Ambala, Haryana

DR. ASHOK KUMAR CHAUHAN

Reader, Department of Economics, Kurukshetra University, Kurukshetra

DR. SAMBHAVNA

Faculty, I.I.T.M., Delhi

DR. MOHENDER KUMAR GUPTA

Associate Professor, P.J.L.N. Government College, Faridabad

DR. VIVEK CHAWLA

Associate Professor, Kurukshetra University, Kurukshetra

DR. SHIVAKUMAR DEENE

Asst. Professor, Dept. of Commerce, School of Business Studies, Central University of Karnataka, Gulbarga

ASSOCIATE EDITORS**PROF. ABHAY BANSAL**

Head, Department of Information Technology, Amity School of Engineering & Technology, Amity University, Noida

PARVEEN KHURANA

Associate Professor, Mukand Lal National College, Yamuna Nagar

SHASHI KHURANA

Associate Professor, S.M.S. Khalsa Lubana Girls College, Barara, Ambala

SUNIL KUMAR KARWASRA

Principal, Aakash College of Education, Chander Kalan, Tohana, Fatehabad

DR. VIKAS CHOUDHARY

Asst. Professor, N.I.T. (University), Kurukshetra

TECHNICAL ADVISOR**AMITA**

Faculty, Government M. S., Mohali

FINANCIAL ADVISORS**DICKIN GOYAL**

Advocate & Tax Adviser, Panchkula

NEENA

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

LEGAL ADVISORS**JITENDER S. CHAHAL**

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

CHANDER BHUSHAN SHARMA

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

SUPERINTENDENT**SURENDER KUMAR POONIA**

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography; Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** **anytime** in **M.S. Word format** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. infoijrcm@gmail.com or online by clicking the link **online submission** as given on our website ([FOR ONLINE SUBMISSION, CLICK HERE](#)).

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____

THE EDITOR
IJRCM

Subject: **SUBMISSION OF MANUSCRIPT IN THE AREA OF.**

(e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript entitled '_____ ' for possible publication in your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

I affirm that all the author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

Also, if my/our manuscript is accepted, I/We agree to comply with the formalities as given on the website of the journal & you are free to publish our contribution in any of your journals.

NAME OF CORRESPONDING AUTHOR:

Designation:
Affiliation with full address, contact numbers & Pin Code:
Residential address with Pin Code:
Mobile Number (s):
Landline Number (s):
E-mail Address:
Alternate E-mail Address:

NOTES:

- a) The whole manuscript is required to be in **ONE MS WORD FILE** only (pdf. version is liable to be rejected without any consideration), which will start from the covering letter, inside the manuscript.
- b) The sender is required to mention the following in the **SUBJECT COLUMN** of the mail:
New Manuscript for Review in the area of (Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)
- c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any specific message w.r.t. to the manuscript.
- d) The total size of the file containing the manuscript is required to be below **500 KB**.
- e) Abstract alone will not be considered for review, and the author is required to submit the complete manuscript in the first instance.
- f) The journal gives acknowledgement w.r.t. the receipt of every email and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending separate mail to the journal.

2. **MANUSCRIPT TITLE:** The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

3. **AUTHOR NAME (S) & AFFILIATIONS:** The author (s) **full name, designation, affiliation (s), address, mobile/landline numbers**, and **email/alternate email address** should be in italic & 11-point Calibri Font. It must be centered underneath the title.

4. **ABSTRACT:** Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para. Abbreviations must be mentioned in full.

5. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.
6. **MANUSCRIPT:** Manuscript must be in **BRITISH ENGLISH** prepared on a standard A4 size **PORTRAIT SETTING PAPER**. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.
7. **HEADINGS:** All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
8. **SUB-HEADINGS:** All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.
9. **MAIN TEXT:** The main text should follow the following sequence:

INTRODUCTION

REVIEW OF LITERATURE

NEED/IMPORTANCE OF THE STUDY

STATEMENT OF THE PROBLEM

OBJECTIVES

HYPOTHESES

RESEARCH METHODOLOGY

RESULTS & DISCUSSION

FINDINGS

RECOMMENDATIONS/SUGGESTIONS

CONCLUSIONS

SCOPE FOR FURTHER RESEARCH

ACKNOWLEDGMENTS

REFERENCES

APPENDIX/ANNEXURE

It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed **5000 WORDS**.

10. **FIGURES & TABLES:** These should be simple, crystal clear, centered, separately numbered & self explained, and **titles must be above the table/figure**. **Sources of data should be mentioned below the table/figure**. It should be ensured that the tables/figures are referred to from the main text.
11. **EQUATIONS:** These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.
12. **REFERENCES:** The list of all references should be alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per the following:
 - All works cited in the text (including sources for tables and figures) should be listed alphabetically.
 - Use (ed.) for one editor, and (ed.s) for multiple editors.
 - When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
 - Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
 - The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
 - For titles in a language other than English, provide an English translation in parentheses.
 - The location of endnotes within the text should be indicated by superscript numbers.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 <http://epw.in/user/viewabstract.jsp>

FDI IN E-COMMERCE: GOOD OR BAD**VINEY NARANG****ASST. PROFESSOR****SHAHEED BHAGAT SINGH (EVENING) COLLEGE****UNIVERSITY OF DELHI****DELHI****ANSHU JAIN****ASST. PROFESSOR****SHAHEED BHAGAT SINGH (EVENING) COLLEGE****UNIVERSITY OF DELHI****DELHI****ABSTRACT**

Internet has brought significant changes in the way businesses are conducted today. Owing to busy lifestyle "On the Go" shopping formula has become need of the hour. People today can shop anywhere within minutes, be it their homes or offices, and at any time of the day at their leisure. The online market sector is mushrooming in terms of offerings ranging from travel, hotel reservations movies and books to matrimonial services, electronic gadgets, fashion accessories and groceries. Indian E-commerce sector has shown a very exciting growth trend in past few years and is expected to show even better growth in coming years with more users coming online by increase in internet penetration through laptops, smartphones, tablets and dongles. Growth in Indian E-Commerce sector seems to be explosive in nature. Thus this sector offers huge unharnessed potential. Every nation on the global map is trying to integrate its economy with rest of the world. E-commerce sector is one of the pillars of Indian Economy and many global players are willing to invest in it. The present paper makes an attempt to study the current scenario of Indian E-commerce sector and highlighting the positive and negative impacts of FDI inflow in E-commerce on the Indian society and economy as a whole. The research approach is exploratory in nature. This paper has major implications for investors who intend to reap the benefits of FDI and Government who need to frame suitable policies. They can look deeper into upcoming trends and potential opportunities.

JEL CODE

F21

KEYWORDS

E-Commerce, Foreign Direct Investment, Inventory based model, M-commerce, Market Place Model.

INTRODUCTION

Internet has become a key ingredient of strenuous and busy lifestyle. 'Internet' has become the central-hub for communication, explorations, connecting with people or for official purposes. Resultantly, Internet growth has led to a plethora of new developments, such as decreased margins for companies as consumers turn more and more to the internet to buy goods and demand the best prices.

E-Commerce means buying and selling of goods or services is conducted over electronic systems such as the Internet and other computer networks. Electronic commerce comprises of online transaction processing, electronic funds transfer, online marketing, etc. It also includes 'M-commerce' which means buying and selling goods and services through use of various mobile devices or smart phones. It means "the delivery of e-commerce capabilities directly into the consumer's hand, anywhere, via wireless technology." The various services available on M-Commerce are Mobile Money Transfer, Mobile ATM, Mobile ticketing, Mobile vouchers, coupons and loyalty cards, News, Stock Quotes, shopping apps, Mobile brokerage etc. Launching of Google Wallet Mobile App is one of the recent developments.

E-commerce is about two decades old, yet due to its fascinating dimensions, it remains a challenging area for researchers and professionals.

Ecommerce can be sub-divided into four main categories given below:

B2B COMMERCE

It encompasses all those activities in which one business builds relationships with other businesses for efficiently managing several of their business functions. Thus it involves commerce transactions between businesses, such as between a manufacturer and a wholesaler, or between a wholesaler and a retailer. IndiaMART.com is one such B2B online market place which provides a platform for businesses to find other competitive suppliers.

B2C COMMERCE

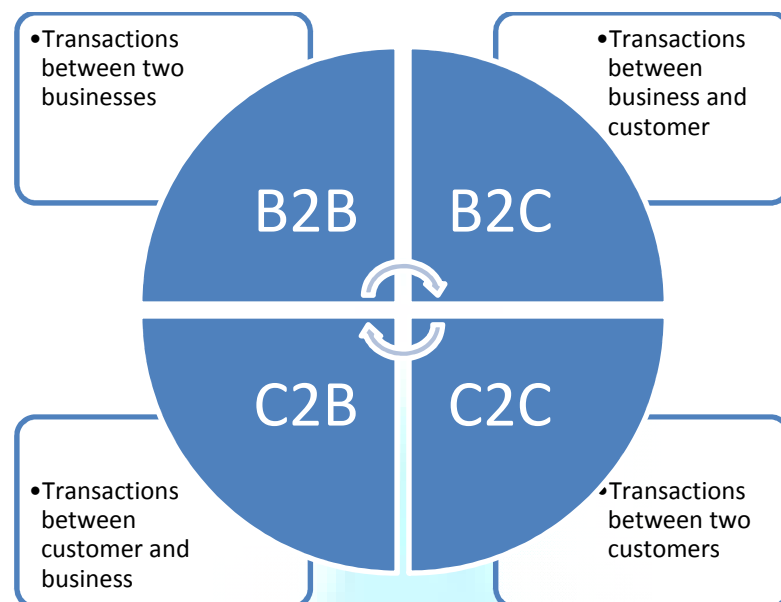
It include all those activities in which Businesses sell to the general public typically through catalogues utilizing shopping cart software. Thus manufacturer or the intermediary directly trade with the consumer.

C2C COMMERCE

In this model consumers have dealings with other consumers. E-commerce has made it possible to bring together strangers and providing a platform for them to trade on. For example, eBay, olx and Quikr enable consumers to transact with other consumers.

C2B COMMERCE

A consumer posts his requirements with a set budget online and within hours companies review the consumer's requirements and bid on the project. The consumer reviews the bids and selects the company that will complete the project.



MODELS OF E-COMMERCE

• MARKET PLACE MODEL

It serves as a platform for business transactions between buyers and sellers to take place and earns commission from sellers of goods/services, in return for the services provided. Ownership of the inventory in this model lies with the firms who advertise their products on the website and are ultimate sellers of goods or services. Thus Market Place works as a facilitator of e-commerce.

• INVENTORY BASED MODEL

In this model, ownership of goods and services and market place lies with the same entity. This model is engaged in e-commerce directly.

LITERATURE REVIEW

Devajit Mahanta in his paper –“Impact of foreign direct investments on Indian economy” stated that Foreign Direct Investment (FDI) is a strategic component of investment needed by India for its sustained economic growth and development through creation of jobs, expansion of existing manufacturing industries, projects in the field of healthcare, retail, education, research and development.

Sharma Reetu and Khurana Nikita in their paper “Role of Foreign Direct Investment (FDI) in Different Sectors” examined the sector wise FDI inflows in India during post reform period and showed that FDI is related positively with real GDP. FDI provides a sound base for economic growth and development by improving the financial position of the country. They concluded that government should focus on simplifying and relaxing entry barriers for business activities and providing investor friendly laws and tax system for foreign investors.

Alka Raghunath & Murli Dhar in their paper- “Problem and Prospects of E-Commerce” stated that rapidly changing technology is continually bringing new goods and services to the market accompanied by new strategies to sell them. They concluded that in order to increase consumer adoption of e-services, the sources of consumer confusion, apprehension and risk need to be identified, understood and alleviated.

Renuka sagar and Lalitha in their paper “Sectoral trends and patterns of FDI in India” analyzed the FDI flows in the country and also discussed the direct proportionate effect in economic growth of the country. According to them FDI has helped the Indian economy grow and the government should continue to encourage more investments of this sort. Attracting foreign direct investment has become an integral part of the economic development strategies for India. FDI has been a booming factor that has bolstered the economic life of India.

OBJECTIVES

1. To scrutinize the need of FDI in E-commerce in India.
2. To analyse the current trends and patterns of growth of Indian E-Commerce sector.
3. To examine the opportunities & challenges in online business.
4. To study the implications of bringing in FDI in Indian E-Commerce sector.
5. To compare the state of Indian E-Commerce sector with that of other developing nations.
6. To suggest the removal of various barriers for FDI in Indian E-Commerce sector.

METHODOLOGY OF THE STUDY

The kind of research conducted here is exploratory research. Information was collected from various secondary sources to explore potentiality of E-commerce market and study the impact of FDI in E-Commerce sector on Indian Economy. Further statistics published by Department of Industrial Policy & Promotion, Economic Surveys of India and Ministry of Commerce and Industry, Bulletin of Reserve Bank of India, Department of Telecommunications, Internet and Mobile Association of India, IMF, etc. have also been accessed to justify the above mentioned objectives.

E-COMMERCE IN INDIA

India is at the cusp of digital revolution. Many Indian portal sites are now selling a diverse range of products and services from flowers, apparels, hotel reservations jewellery, greeting cards, and movie tickets to groceries, matrimonial services, cosmetics, electronic gadgets, and computers. People turn to the Internet to buy everything from electronics to books, houses, cars and even groceries, pushing e-commerce revenues. More and more companies are opting for selling wares through the internet route, offering numerous gift coupons and discounts to buyers.

Besides electronics, customer grip grew considerably in categories like fashion and jewellery, home and kitchen and lifestyle accessories like watches and perfumes.

With stock exchanges coming online the time for true e-commerce in India has finally arrived. On the darker side there are many challenges faced by e-commerce sites in India. Relatively small credit card population create payment challenges. Delivery of goods to consumer by couriers and postal services is not very reliable in rural areas. However, the speed post and courier system has improved tremendously in recent years. Modern computer technology like secured

socket layer (SSL) helps to protect against payment fraud, and to share information with suppliers and business partners. With further improvement in payment and delivery system it is expected that India will soon become a major player in the e-commerce market.

A report by the Internet and Mobile Association of India has revealed that India's e-commerce market is growing at an average rate of 70% annually and has grown over 500 % since 2007.⁴

There have been profound changes in the e-commerce industry in recent years. An important entry in the Indian online market was that of one of the world's largest online player Amazon.com. It got launched in India as 'Junglee.com'. One of the largest player in India's E-commerce- Flipkart acquired Letsbuy. Healthkart had acquired Madeinhealth. TravelGuru, which was acquired by Travelocity in 2009, once again got acquired by Yatra in 2012. FashionAndYou acquired UrbanTouch . Myntra.com acquired SherSingh.

Internet usage continues to grow in India. According to the Internet & Mobile Association of India (IAMAI) the low cost of broadband has helped increase Internet usage. High demand for ".in" domain registrations are also factors for the increase in online users. According to a research report published by IAMAI (INTERNET AND MOBILE ASSOCIATION OF INDIA) in October 2013 the number of internet users reached 205 Million. The number of internet users in urban India is 137 Million in October 2013 and In Rural India, there are 68 Million Internet users in October 2013. Total percentage of online buyers to internet users is 18%.

The penetration of e-commerce is low compared to markets like the US and the UK but is growing at a much faster rate with a large number of new entrants.

KEY DRIVERS IN THIS GROWTH

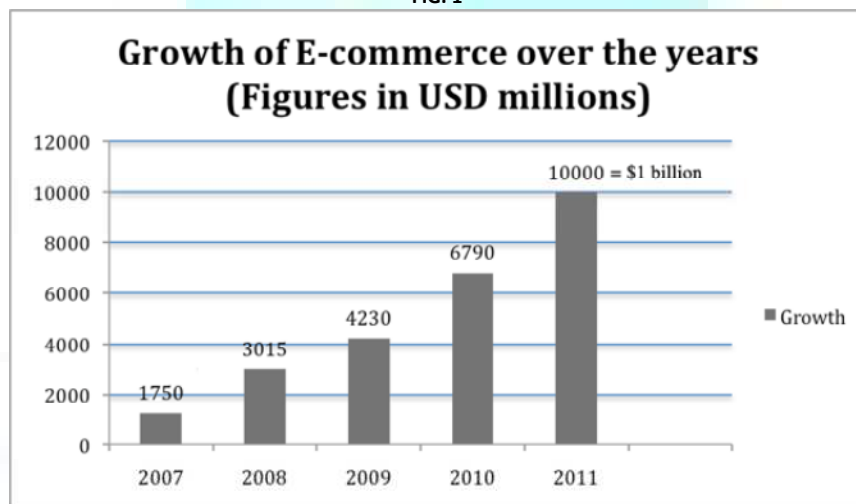
- Declining broadband subscription prices and thus Increasing use of broadband Internet
- 3G services penetration into Indian market. . Moreover, the likely launch of 4G services is expected to augment the country's internet user base further.
- Rising standards of living and a burgeoning, upwardly mobile middle class with high disposable incomes
- Availability of much wider product range compared to what is available at brick and mortar retailers.
- Busy lifestyles, urban traffic congestion and lack of time for offline shopping
- Lower prices compared to brick and mortar retail driven by disintermediation and reduced inventory and real estate costs.
- Availability of more payment options boosted the e-commerce industry like credit/debit cards, cash on delivery.
- Building consumer confidence and overcoming concerns about the risk of fraud is essential. The enhanced security measures introduced by the Reserve Bank of India through second factor authentication were an important development, making transactions safer by reducing fraud and risk.
- the proliferation of internet-enabled devices likewise Smartphone, tablets, i-pad, dongles
- Favourable demographics
- Increased usage of online classified sites, with more consumers buying and selling second-hand goods
- Evolution of the online marketplace model with sites like eBay, Flipkart, Snapdeal, Infibeam, qnetindia.in and Tradus.
- Online services such as banking, ticketing (including airlines, bus, railways), bill payments, hotel booking etc. have been of tremendous benefit for the customers. Most experts believe that overall e-commerce will increase exponentially in coming years.

Low cost of personal computers, a growing installed base for Internet use, and an increasingly competitive Internet Service Provider (ISP) market will help fuel e-commerce growth in World's second most populous nation. Most experts believe that overall e-commerce will increase exponentially in coming years. Indian middle class of 288 million people is equal to the entire U.S. consumer base. This makes India a real attractive market for e-commerce.

Although the trend of e-Commerce started in India some 15 years back, but the appropriate ecosystem has now started to fall in place. The e-Commerce market in India has enjoyed phenomenal growth of almost 50% in the last few years.

The following figure depicts the growth of E-commerce in India in the last couple of years:¹

FIG. 1

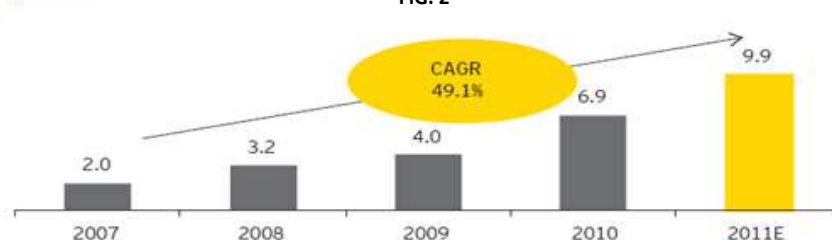


Source: A report by the Internet and Mobile Association of India 2013

According to "Digital Commerce" IAMAI reports, March 2011 India's consumer facing e-Commerce market (B2C-C2C) grew at a whopping CAGR of 49.1% from 2007 to 2011 to reach a market size of US\$9.9 billion. Online travel, the largest domestic B2C e-Commerce segment, accounted for 81% revenues in 2011.

CONSUMER FACING E-COMMERCE MARKET SIZE (US\$ BILLIONS)

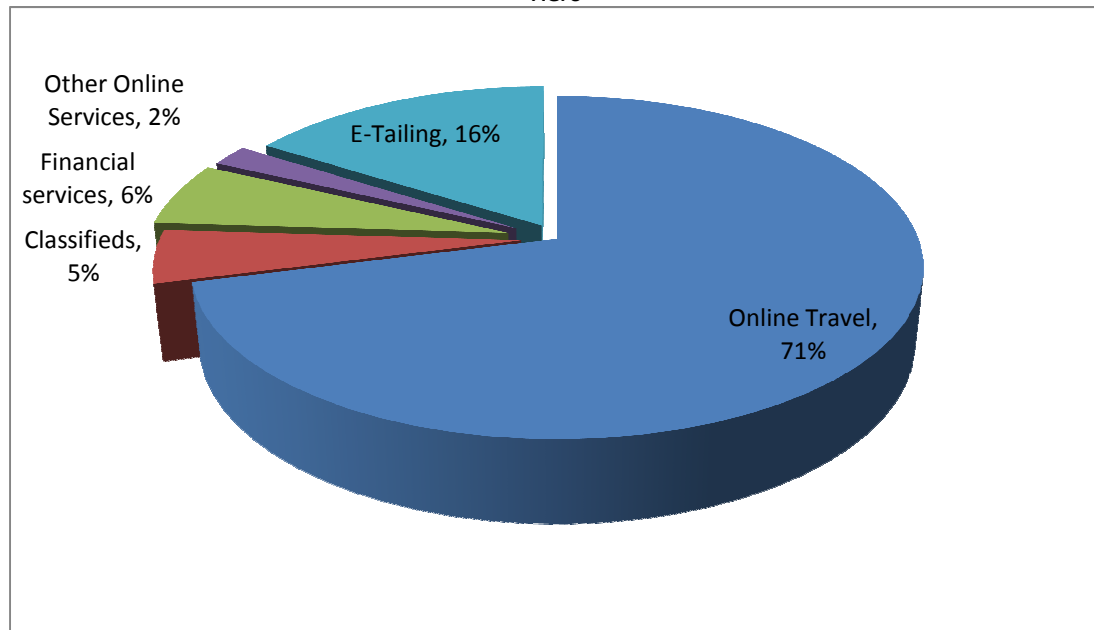
FIG. 2



Source: IAMAI

The e-commerce market in India was largely dominated by the online travel industry with 80% market share while electronic retail (E-Tailing) held second spot with 6.48% market share.

FIG. 3



Source: IAMAI

As we can see above E-commerce market in India is skewed in favour of online travel (71% of the market). Online travel transactions mainly comprise of online booking of airline tickets, railway tickets and hotel bookings. The biggest players in the online travel sector are Makemytrip.com, Yatra.com and the IRCTC website for railway bookings.

Internet has become an integral part of lifestyle of people, for remaining connected with friends, accessing and sending emails, buying movie tickets and ordering food. The changing lifestyles of people force them rely on the internet for their shopping needs because of the ease of shopping from one's home and that too 24x7. Convenience is the key driving force and people around the world sitting in comfort of their homes, can accomplish what they desire through a few mouse clicks, taps on keyboard or touch on their Smartphone and tablets. Further having an extensive product assortment online to choose from has brought about increased dependence on the online medium. They can choose from variety of products and services through virtual e-catalogues. Ecommerce helps customer to avoid problem of stock, time and distance. Browsing, adding to shopping cart and paying online has simplified shopping. Buyer does not have to face crowd or parking problems.

The trend of online shopping in India is set to see greater heights in coming years, not just because of India's increasing internet population, but also due to supporting elements in ecosystem. Players have made rigorous efforts to improve areas such as logistics and payment infrastructure. Moreover, the Indian consumer's perception of online shopping has undergone a radical change, and only for the good. These developments have opened the floodgates for a whole host of professionals to find their niche in this industry. Foreign investors are taking a keen interest in the country's e-Commerce market.

MARKET SIZE & GROWTH

Today the number of internet users in the world is more than 2 billion.² Out of this, India has a total of 13.30 million broadband connections.³ This penetration of internet coupled with the increasing confidence of the internet users to purchase online, has led to nearly 40% of such users (which is close of 7.4 million users) purchasing products.⁴

The number of users making online transactions in India is expected to grow from 11 million in 2011 to 38 million in 2015

It is not surprising; therefore, that India is in a prime position for the growth and development of the e-commerce sector. India is being ranked as Facebook's third largest audience after the US and Brazil. Social media networks such as Facebook are likely to increasingly become channels for sales and consumer engagement.

Factors responsible for the sudden burst in growth of E-commerce in India are:

- Rapidly augmenting Internet user base Technological advancements such as Voice over Internet Protocol (VOIP) have traversed the gap between buyers and sellers online.
- The emergence of blogs as an avenue for information dissemination and two-way communication for online E-Commerce vendors.
- Improved fraud prevention technologies that provide a secure business environment and help prevent credit card frauds, identity thefts and phishing.
- Bigger web presence of Small and Medium Enterprises (SME's) and Corporate because of lower marketing and infrastructure costs.

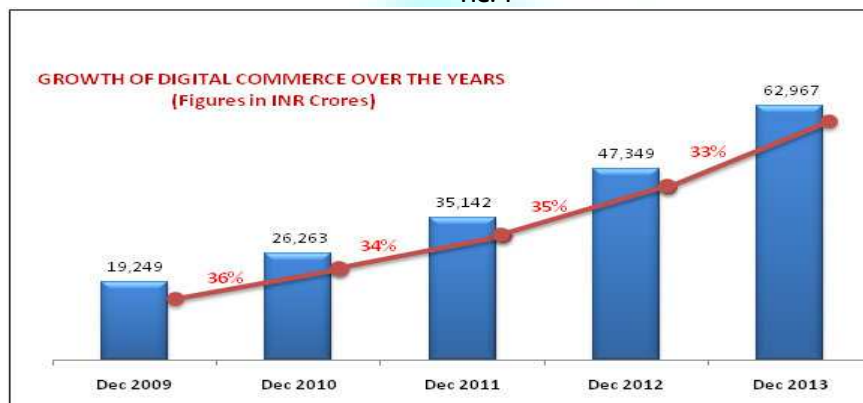
CLOUD SURROUNDING E-COMMERCE MARKET IN INDIA

- There are no specific e-Commerce laws in India. The sector is governed by the IT Act 2000, which regulates the legal obligations of sellers and buyers of goods and services in cyberspace. Apart from the IT Act 2000, e-Commerce in India needs to comply with other statutory laws in force in India, like Indian Contract Act, Consumer Protection Act 1986, Indian Penal Code and Foreign Investment Regulations. E-Commerce companies also require complying with banking and financial laws, wherever applicable. Laws regulating e-Commerce in India are still evolving and lack clarity. This poses a challenge for potential entrants and existing players. Furthermore, the lack of law firms or lawyers specializing in e-Commerce laws compounds the problem.
- There is a lack of proper distribution channels particularly in tier 2 and tier 3 cities. Missing gaps in supply chain infrastructure is limiting the access to far flung areas where a significant portion of the population resides.
- The element of "fun" in the shopping experience is missing in case of online shopping.
- There are worries in the minds of customers about the personal security and that the financial details entered while shopping online will be misused.
- In some cases customers are sceptical about the quality of the product.
- Low average broadband speed and flat average internet speed is another negativity attached.
- Online payment landscape is further marred by low penetration of credit and debit cards, especially in smaller cities, towns and rural areas.

E-COMMERCE IN INDIA IN COMPARISON TO OTHER EMERGING ECONOMIES

- Middle class in many of the developing countries, including India, is rapidly embracing online shopping. However, India falls behind not only US, China and Australia in terms of Internet density, but also countries like Sri Lanka and Pakistan. Sri Lanka has an internet penetration of 15%. Better internet connectivity and the presence of an internet-savvy customer segment have led to growth of e-commerce in Sri Lanka with an existing market size of USD 2 billion. Pakistan, with an internet penetration of 15% has an existing market size of consumer e-commerce of USD 4 billion. Incidentally FDI in inventory-based consumer e-commerce is allowed in both these countries. (IAMAI-KPMG report, September 2013).
- As per IMAI report October 2013, India has 205 million active internet users. Total percentage of online buyers to internet users is 18%. Compared to India, China, Brazil, Sri Lanka and Pakistan have internet population of 538 (40%), 79 (40%), 3.2 (15%) and 29 (15%) millions respectively. Therefore, lower internet density continues to remain a challenge for e-commerce in India.
- According to a NASSCOM report, the IT-BPO industry is expected to account for 10% of India's GDP by 2020, while the share of telecommunication services in India's GDP is expected to increase to 15 percent by 2015. With these supporting factors, the e-commerce industry is also expected to contribute much more to the GDP.
- The share of B2B transactions in global e-commerce transactions are about 90%. Indian E-commerce market is based on market placed model. Thus large number of manufacturers, traders and Micro, Small & Medium Enterprises will benefit by advertising their goods & services on this market placed model.
- E-commerce industry in India is one of the fastest growing segments in the Asia region. According to an Internet and Mobile Association of India (IAMAI) report With a astounding CAGR of 34.49% from 2009 to 2013, the Industry has expanded from INR 19,249 Crore (US\$ 3.49 billion) to INR 62,967 Crore (US\$ 8.60 billion) depicted in following figure.

FIG. 4

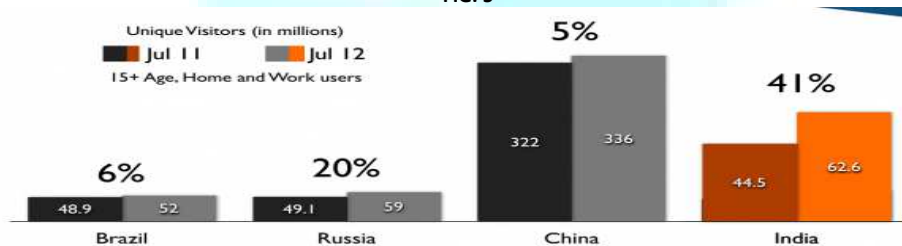


Source: IMAI

Segment-wise, B2C segment dominated the sector with a 56.0 % share in 2010–11. Together, the B2C and C2C segments have shown momentous growth; their aggregate market size stood at US \$ 9.9 billion in 2011, whilst that for B2B segment was estimated at around US \$ 48.8 million. B2B segment's acceptance is on a rising trend due to its growing awareness amongst Small and Medium Enterprises (SMEs), which are close to 13 million in number.

- According to a report of Comscore, India is the fastest growing market among BRIC nations. 18 million users got added in Indian online market, showing annual growth rate of 41% (shown in following figure):

FIG. 5

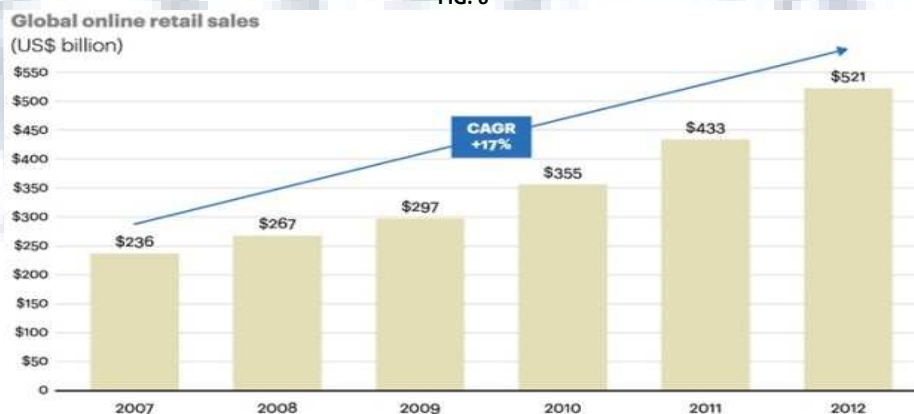


Source-A Research Report by Comscore (September 2012)

INDIA'S ONLINE RETAIL IN COMPARISON TO THE WORLD'S ONLINE RETAIL

The world's E-Retail sector has observed Compounded Annual Growth Rate (CAGR) of 17% during year 2007-12 globally as shown in following figure:

FIG. 6

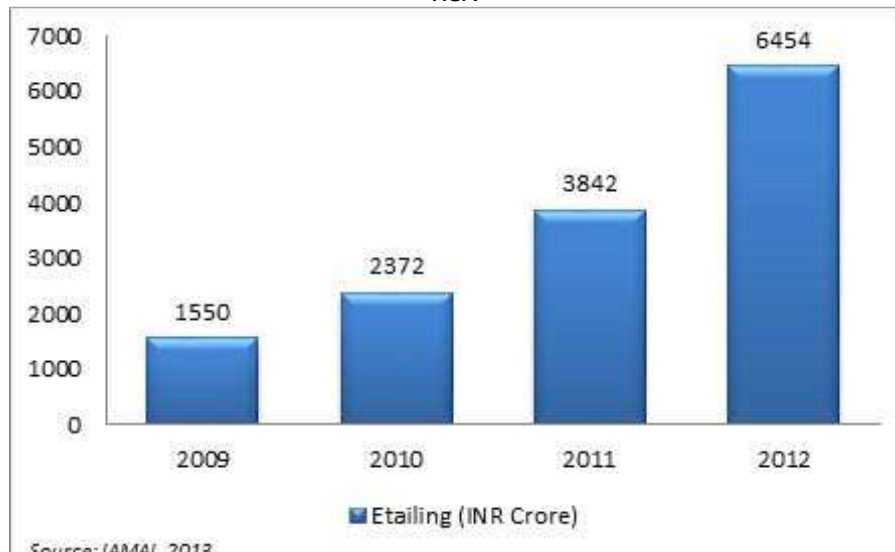


Note: Online retail sales exclude sales tax and are at constant 2012 exchange rates.
Source: Euromonitor

Globally over the past three years, online retail has grown at The Compounded Annual Growth Rate (CAGR) of 20.60% from 2009-2012.

However, **Indian online retail sector** is witnessing a much rapid growth. The Indian E-tailing market grew at an incredible Compounded Annual Growth Rate (CAGR) of 60.88% in the last 3 years as depicted in following figure:

FIG. 7



ONLINE TRAVEL SEGMENT

Online travel constitutes a sizeable portion of E-commerce market. The online travel segment has seen a healthy CAGR of 55.5% during 2007-2012. This is due to rise of disposable income, surge in demand for domestic travel and the boom of the tourism industry. Domestic travel contributed to as much as 50% of the total market, followed by railways tickets, international air tickets, hotel bookings and bus tickets. The online travel segment market is expected to grow at a CAGR of 32% for the next 5 years and will remain a leading contributor to the total e-commerce revenue.

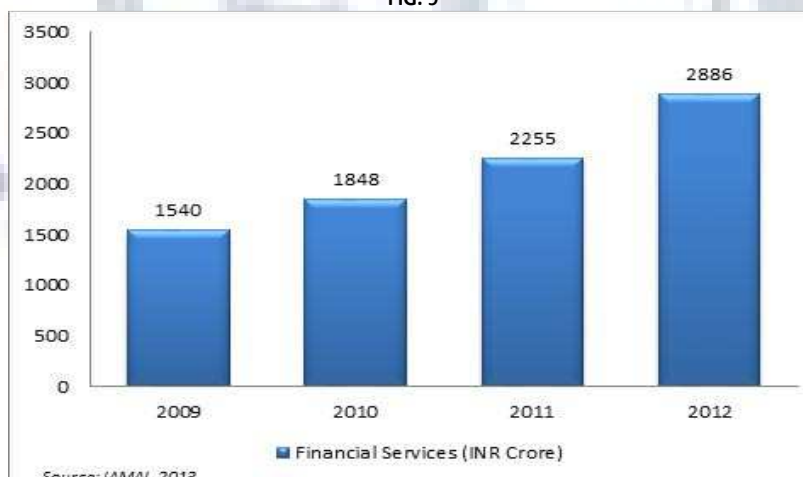
FIG. 8



ONLINE FINANCIAL SERVICES

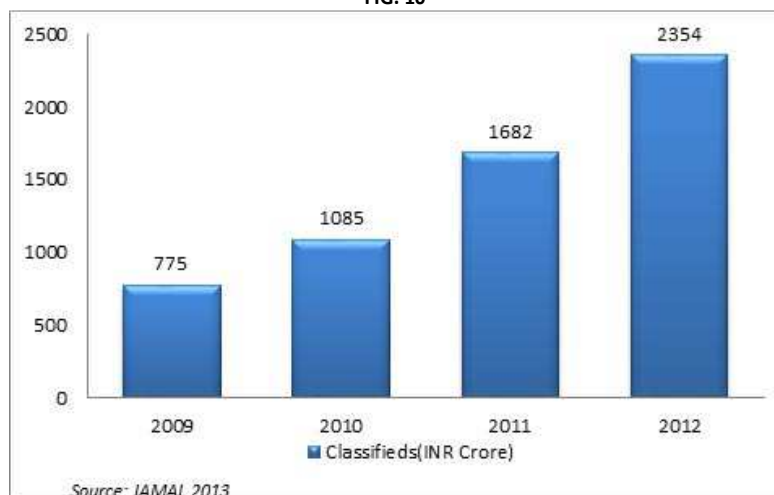
The financial services segment includes applying for insurance, paying online bills, and premiums and online transactions for financial services.

FIG. 9



ONLINE CLASSIFIEDS

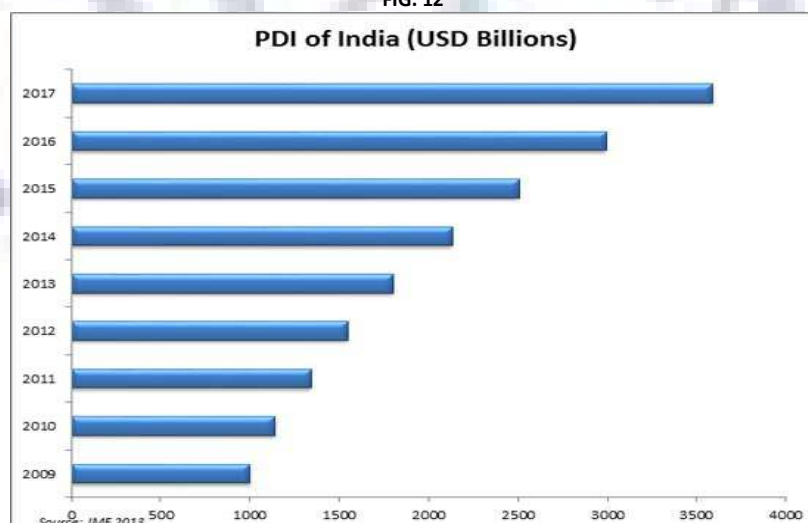
Online classified segment has also observed 40% growth over the last few years. The growth is mainly fuelled by services like online placement services, online matrimonial services.

FIG. 10**OTHER ONLINE SERVICES**

These include offering online services like buying entertainment tickets, food and grocery items. Bookmyshow.com is a major player in the segment.

FIG. 11**SUPPORTING MACRO-ECONOMIC FACTORS****RISE IN PERSONAL DISPOSABLE INCOME**

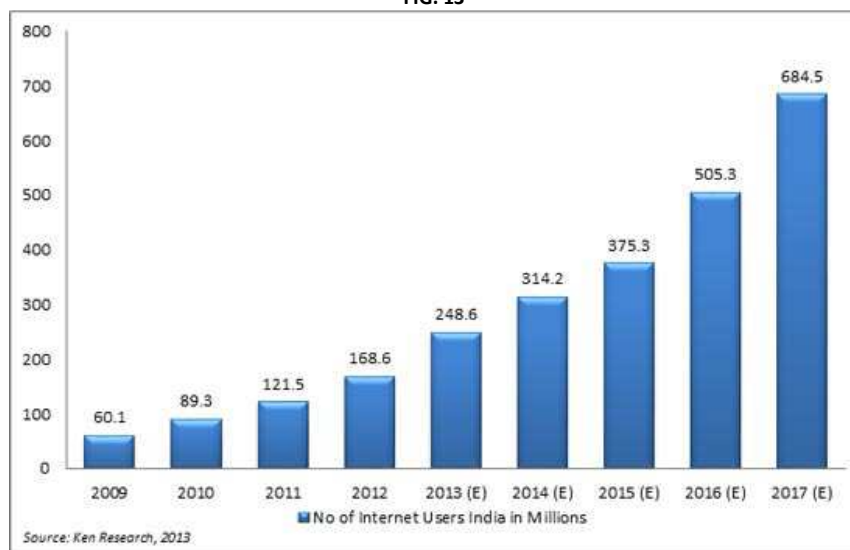
According to the IMF, personal disposable income has grown by 15.8% annually from 2007 to 2012 reaching to US\$ 1546 billion in 2012. As personal disposable income rise, it indicates that the standard of living has improved. Resultantly, demand for goods and services are expected to rise further. With more disposable income, the benefits offered by e-commerce will lead to growth in this sector further.

FIG. 12

INCREASE IN INTERNET USER BASE IN INDIA

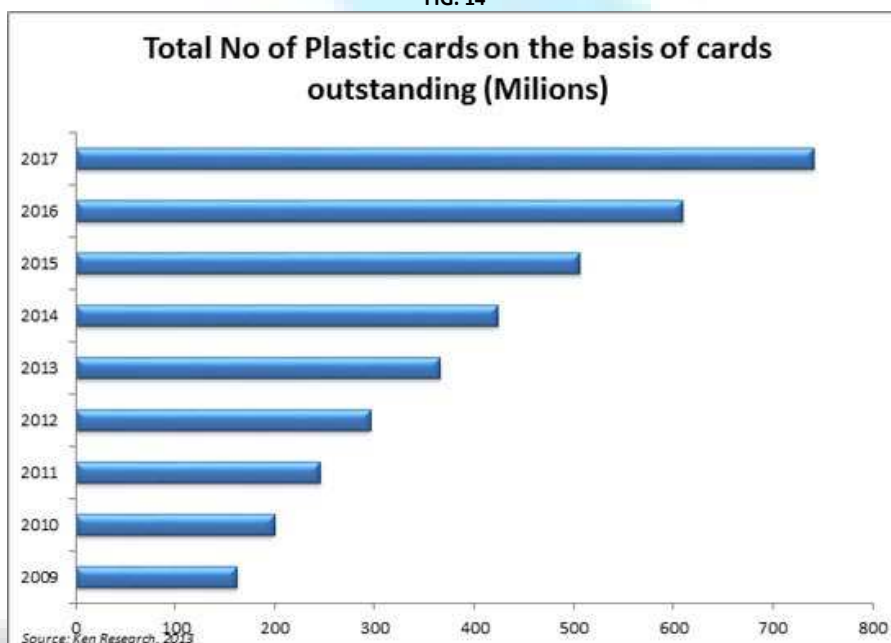
Internet penetration has increased by a CAGR of 30% from 2007 to 2012. There has been an increase in number of active internet users and such trend is expected to continue.

FIG. 13

**INCREASE IN USE OF CREDIT & DEBIT CARDS**

Almost every bank these days provide facility of online banking and debit card facility. With the financial inclusion crusade of RBI, the number of bank accounts will rise and hence number of debit cards will also shoot up. This will invariably lead to more online transactions.

FIG. 14

**CURRENT SCENARIO OF REGULATIONS ON FDI IN E-COMMERCE**

As per existing FDI policy, FDI up to 100% is permitted in B2B e-commerce activities under the automatic route. Retail trading through e-commerce is not permissible, for companies with FDI, engaged in the activity of single brand retail trading or multi-brand retail trading. Thus existing FDI policy does not permit FDI in B2C e-commerce.

FAVOURABLE SIDE OF PROMOTION OF FDI IN E-COMMERCE

- Foreign investors investing in e-commerce will bring in the much-needed investments in the ecosystem, e.g., in logistics, payments, to drive market growth.
- Earlier to access foreign capital, some players used to set up a separate entity for activities where 100% FDI is allowed. This covers back-end operations such as logistics, inventory and technology, which enables 100% Indian-owned and controlled front-end entities to leverage on the capabilities of these back-end operations. With this new directive, future investments would be routed through the same path as earlier.
- Domestic players will work harder to build their capabilities while facing competition from the arrival of global players in India.
- FDI in E-commerce will have positive spillover effects on associated industries such as logistics, online advertising, media, telecommunications and Information Technology Enabled Services (Call centres and BPO's).
- It will give a boost to India's infrastructural development. Increased capital will help to fill gaps in supply chain, distribution system and warehousing.
- It will act as a catalyst to manufacturing sector. Overall growth in retail sector will have cascading effect in manufacturing sector which will positively contribute to overall growth of economy
- It will reduce the need for middlemen lowering the transaction costs, reduced overhead and reduced inventory and labour costs.
- Adopting business strategies of global standards will lead to better work culture and customer service.

- With increased access to buyers and sellers, Micro, Small & Medium Enterprises will reach out to customers far beyond their immediate location, both locally within India and abroad.
- It shall also create new job opportunities in India.
- It will lead to better traceability and transparency in the whole system. It will not only empower consumers with information and data but will also help in better compliance of regulatory framework.
- A higher order of customer satisfaction can be ensured because of more responsive order taking, improved after-sales services, wider variety to choose from and competitive pricing.

DARKER SIDE OF PROMOTION OF FDI IN E- COMMERCE

- This initiative will be against the spirit of FDI policy in Multi Brand Retail Trading. As allowing FDI in E-commerce will provide foreign players complete geographical reach and FDI in multi brand retail trade is being restricted to cities with a population of more than one million or any other city as per the choice of consenting states.
- It will gravely debilitate small time trading of brick and mortar stores. Small shopkeepers are not highly qualified and will not be able to compete with sound e-retail business format.
- Because of large scale of economic operations, foreign players in the proposed inventory based model will have more bargaining power and may resort to predatory pricing.
- Further global players will have detrimental impact on our domestic industry. It will lead to creation of monopolies in E-commerce, manufacturing, logistics and retail sector.
- Allowing the entry of foreign E-retailers may shrink Indian entrepreneurship and may adversely affect Micro, Small & Medium Enterprises.

CONCLUSION

Nowadays, consumers are becoming sophisticated. Sellers have to be creative and skilful. Success will largely depend upon innovation on part of retailer. They have to take care of customer expectations from pre-purchase to delivery of product or service. E-commerce in India is still in nascent stage but is rapidly growing; even the most-pessimistic projections indicate a boom. India being the second most populous country of the world has huge online market and tremendous potential. Once Indian Government will roll out its National Optical Fibre Network Plan, internet penetration is expected to increase. Foreign players are looking to tap the opportunity in the sector.

Foreign investors are closely eyeing opportunity in the E-commerce hub of India to capitalise on the anticipated growth potential. Government needs to focus on the regulatory front. Unlike many other countries, India still does not have dedicated e-Commerce laws. E-Commerce will continue on its growth path combined with support from the Government of India. The onus is, therefore, on the government to formulate dedicated e-Commerce laws so that current issues in the sector's legal environment can be addressed. Further we need robust backend infrastructure, i.e., a safe platform with integrated payment solutions and the logistics. We require technologies coupled with higher internet density. India needs to work on these areas to realize true potential of e-commerce business in the country.

A limit for minimum capitalization should be laid down for foreign entrants and also a limit for percentage of sourcing from domestic manufacturers should be fixed up. FDI in E-commerce is one of the best options available in quest of India's overall growth. E-commerce sector in India will explode in coming years and Growth rate of India's GDP will bolster with the welcome of this initiative. Thus the Indian E-commerce industry is all set for flourishing in the future with foreign players entering into it.

REFERENCES

1. "Internet Usage Statistics - The Internet Big Picture - World Internet Users and Population Stats" available at <http://www.internetworldstats.com/stats.htm>
2. A report by the Internet and Mobile Association of India 2013 -<http://www.iamai.in>
3. A Research Report by Comscore (September 2012)
4. Alka Raghunath & Murli Dhar Panga – "Problem and Prospects of E-Commerce" International Journal of Research and Development - A Management Review (IJRDMR) vol 2 ,issue 1, 2013
5. "Department of Telecommunications: Annual Report 2011-2012" available at <http://www.dot.gov.in/annualreport/AR%20Englsh%2011-12.pdf>
6. Devajit Mahanta, (2012) Impact of foreign direct investments on Indian economy, Research J. Management Sciences, 1(2):29-31.
7. "Digital Commerce Report 2012" by Internet and Mobile Association of India-<http://www.iamai.in>
8. "Digital Commerce: March 2011", Report provided by Internet and Mobile Association of India and available at http://www.iamai.in/rsh_pay.aspx?rid=0gWIBn0YPIA=
9. Discussion paper on E-commerce in India - <http://dipp.nic.in/>
10. http://en.wikipedia.org/wiki/E-commerce_in_India
11. <http://www.atkearney.com>
12. International Monetary Fund, 2013
13. Ken Research, 2013
14. Renuka sagar and Lalitha –"Sectoral trends and patterns of FDI in India" International Journal of Marketing, Financial Services & Management Research (July 2013)
15. Sharma Reetu and Khurana Nikita-"Role of Foreign Direct Investment (FDI) in Different Sectors" (February 2013) International Journal of Advances in Management and Economics

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce, Economics & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mail infoijrcm@gmail.com for further improvements in the interest of research.

If you have any queries please feel free to contact us on our E-mail infoijrcm@gmail.com.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator

DISCLAIMER

The information and opinions presented in the Journal reflect the views of the authors and not of the Journal or its Editorial Board or the Publishers/Editors. Publication does not constitute endorsement by the journal. Neither the Journal nor its publishers/Editors/Editorial Board nor anyone else involved in creating, producing or delivering the journal or the materials contained therein, assumes any liability or responsibility for the accuracy, completeness, or usefulness of any information provided in the journal, nor shall they be liable for any direct, indirect, incidental, special, consequential or punitive damages arising out of the use of information/material contained in the journal. The journal, nor its publishers/Editors/Editorial Board, nor any other party involved in the preparation of material contained in the journal represents or warrants that the information contained herein is in every respect accurate or complete, and they are not responsible for any errors or omissions or for the results obtained from the use of such material. Readers are encouraged to confirm the information contained herein with other sources. The responsibility of the contents and the opinions expressed in this journal is exclusively of the author (s) concerned.

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals

