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International Journal of Business Management and Information Technology

Aims and Scope

The International Journal of Business Management and Information Technology (IJBMIT) deals with comprehensive resource for policy makers, government officials, academicians, and practitioners. IJBMIT promotes and coordinates the developments in the IT based applications of business management and presents the strategic roles of IT and management towards sustainable development. information technology, its evolution and future prospects and its relationship with the Business Management .It addresses technological, managerial, political, economic and organizational aspects of the application of IT in relationship with Business Management. The journal will serve as aThe journal also publishes survey articles which summarize the development and open problems of particular information techniques. The following list of sample-topics is by no means to be understood as restricting contributions to the topics mentioned:

- Managing the rapid changes in information technology
- Emerging advances in IT and new applications
- Implications of digital convergence and growth of IT
- Managing national information infrastructure
- Managing networks, including corporate networks
- Intelligent organisations, IT and new forms of organisations
- IT and network organisations, electronic governance, jurisdiction in cyberspace
- Organisational barriers to implementing IT, diffusion and future of IT

- Enterprise resource models, knowledge management/repositories
- Customer relationship management and IT
- Knowledge economy, IT clusters, intellectual property rights in IT
- Intelligent agents, distributed software development, advances in encryption
- Knowing machines
- Management/geographic information, geographic information systems
- Economic models for information technology
- Data mining, data warehousing and information logistics
- Economic models for information technology
- Supply Chain Management
- Customer Relationship Management

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Document Management using SaaS: The Best Disaster Mitigation Strategy

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ABSTRACT

Businesses are always revolving around the documents and management of these documents is always a great challenge. The situations become worse at the time of the disaster recovery. Traditionally, the documents were paper based and managing these documents was not an easy task. Any loss of documents can have long-term impacts on the business sustainability irrespective of the scale of the business. Cloud based SaaS applications can prove to be very helpful in online management of the documents. In the present work, the utility of the SaaS based applications have been discussed for the online document management, with its benefits over the traditional data management. Latest global disasters, their impact on the business and cost of disaster recovery have also been illustrated. Specific industry sector examples have been taken to identify the suitable cloud offerings.

Keywords: *SaaS Application, Disaster recovery Cost, sectors*

1. INTRODUCTION

Documents are the backbone of the present day society. Documents serve as a basic tool for formal communication and help in keeping the records with a trust building environment. However the number of the personal and professional documents keeps on increasing over the lifetime of human beings. Similarly, the documents grow in piles as the business grows with the growing number of transactions, partners, suppliers and customers. Documents are essential at each and every ladder of the success. Businesses are highly dependent on the documents, no matter the business is small or large. Businesses are keeping the track of documents either on paper or on computers. Document management systems are required to manage this growing number of the documents with the Information Technology support. Document management system keeps the track of documents modified by different users either on papers or electronics. But in today's era our main agenda is to make paperless society and also store the documents in such a place so that when ever there is any kind of disaster, our data can be retrieved

without any hassle. Although there are so many technologies available in the market to save the data online, still only 90% of small scale and large-scale industries are using papers for keeping the documents. However, this strategy is not disaster prone and the data is lost at the time of the disaster. Thus it becomes necessary to think about the possible disasters, whenever a document management system is planned.

Disaster can be of any type: Man Made or Natural. In man Made disasters, there can be an accidental loss of data. But in natural disasters, it can be fire, earthquake, flood etc that can destroy the system and result in loss of data. A listing of the worst disasters in last 10 years has been given in Table 1. All of these have significantly created big loss figures to the businesses and loss of documents remained a big concern for all the affected parties.

Table 1. Worst Disasters of the World in the Last 10 Years

Sr. No	Disaster Name	Country Effected	Date	Type of Hazard	Total Loss in US Dollar
	Hurricane Sandy	US	Oct 29,2012	Storm	Not known
1	Japan earthquake	Japan	11 March 2011.	Earthquake and tsunami	34.6billion
2	Haiti earthquake	Haiti	12 January 2010.	Earthquake	14 billion
3	Sichuan earthquake	China	12 May 2008.	Earthquake	85 billion
4	Cyclone Nargis	Myanmar	2 May 2008.	Tropical cyclone	4 billion
5	Java earthquake	Indonesia	27 May 2006.	Earthquake	3.1 billion
6	Kashmir earthquake	Pakistan	8 October 2005.	Earthquake	5.2 billion
7	Hurricane Katrina	United States	29 August 2005.	Tropical cyclone	125 billion
8	Mumbai floods	India	26 July 2005.	Flood	3.3 billion
9	South Asian tsunami	Indonesia, Sri Lanka, India, Thailand, Malaysia, Maldives, Myanmar	26 December 2004.	Earthquake and tsunami	9.2 billion
10	Bam earthquake	Iran	26 December 2003.	Earthquake	500 million
11	European heatwave	Italy, France, Spain, Germany, Portugal, Switzerland	Summer 2003	Extreme heat	
12	Dresden floods	Germany	11 August 2002.	Flood	11.6 billion
13	Gujurat earthquake	India	26 January 2001.	Earthquake	2.6 billion

2. DISASTER RECOVERY COSTS

Disaster recovery is a critical function within an organization. Whether it is an external natural disaster such as a fire, earthquake, flood, or power outage or an unexpected internal systems failure, an IT outage can severely disrupt a business organization. Despite its importance, disaster recovery presents a

difficult challenge, especially in a constrained spending environment, because it is aimed at avoiding the future cost of a breakdown. The financial benefits of disaster recovery may not always be readily apparent. Disaster recovery spending as a percentage of the IT operational budget has remained level during the past four years, which is no easy achievement in the current economic environment. However, IT executives consider disaster recovery a rising priority. Figure 1 illustrates the spending of IT organizations on their operational budget on disaster recovery. [1]

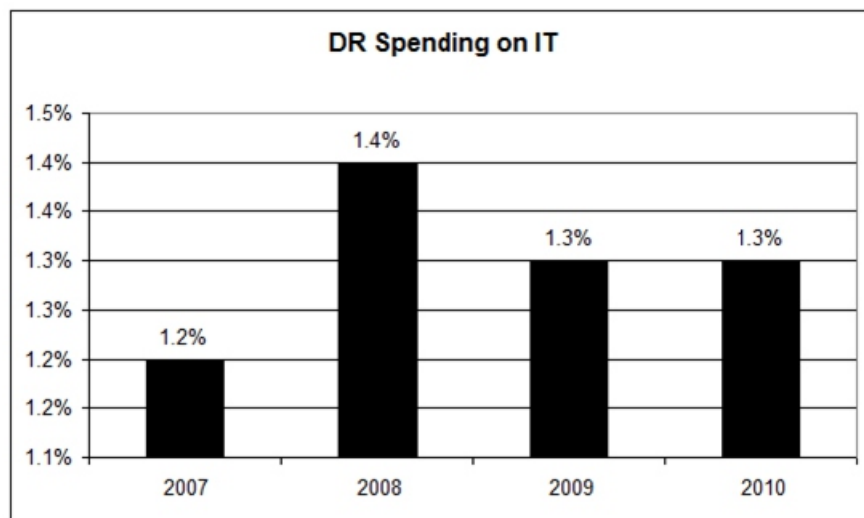


Figure 1: Disaster Recovery Spending

IT organizations spent an average 1.3% of their operational budgets on disaster recovery in 2010, which is roughly the same level as in 2007, when organizations spent an average 1.2% of their budget on disaster recovery. As a percentage of the IT budget, at least, spending remained on a level footing with other IT expenditures over the period. Figure 2 illustrates the spending of IT budget according to organization size at the time of disaster recovery [3].

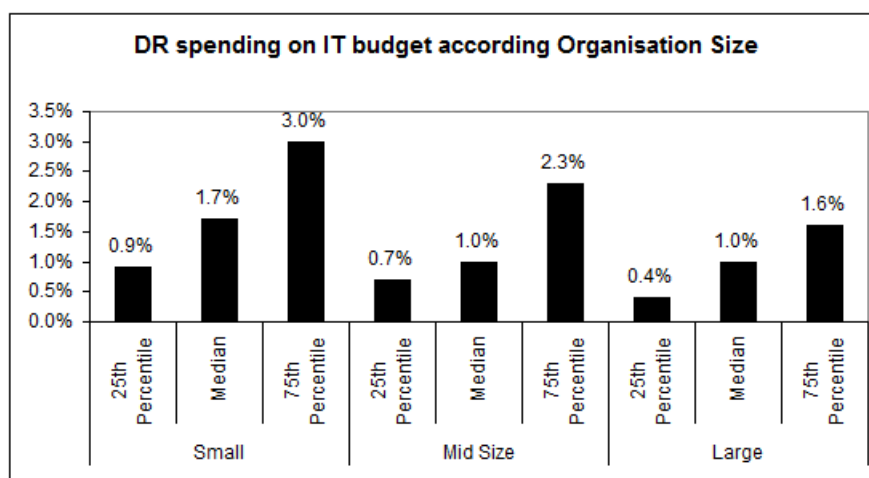


Figure 2: DR Budget According to the Enterprise Size

In general, large and midsize organizations spend a significantly smaller portion of their IT operational budgets on disaster recovery. At the median, such spending totals 1.7% of the IT budget for small companies compared to only 1.0% for midsize and large organizations. . [1]. Figure 3 represents the sector-wise spending of budget for the disaster recovery.

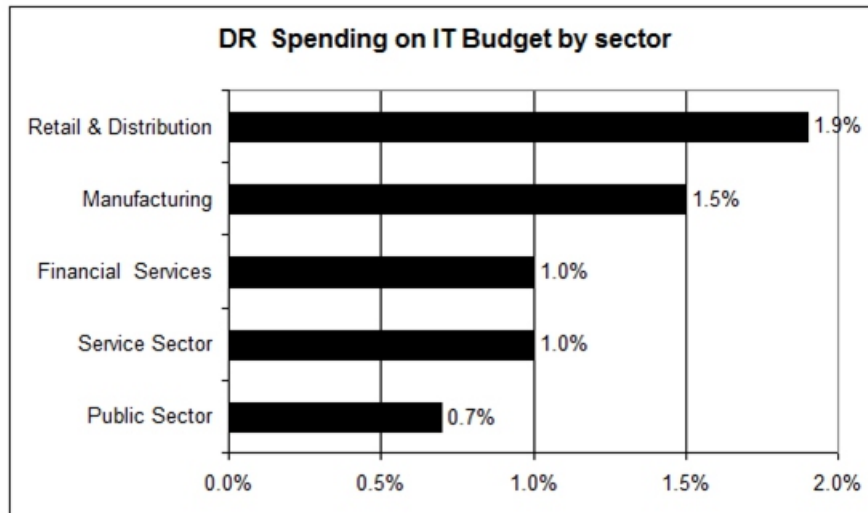


Figure 3: DR Spending According to the sector

In percentage terms, the retail and distribution sector dominates at 1.9%, while manufacturing devotes 1.5% of the IT budget to disaster recovery. Financial services and the service sector are tied for third at 1.0% each. The public sector is last with just 0.7% of the IT budget devoted to disaster recovery spending. [3]

3. SOFTWARE-AS-A-SERVICE FOR ONLINE DOCUMENT MANAGEMENT

Cloud Computing based Software as a Service applications can prove to be an effective tool for online document management. In the concept of SaaS, “The supplier offers software applications to the users over the internet as a service. SaaS can be considered as a form of outsourcing because a third party is providing the IT services to the clients. Whenever, planning for a disaster prone strategy, SaaS becomes the main contender for document management with its specific characteristics:

- I. Experienced in managing data and systems for cooperate world even at the time of disaster.
- II. Improve system availability and reliability at time of disaster too.
- III. Follow best practices for data security and privacy.
- IV. Reduce costs by paying only for what is used.
- V. An always-current system to keep up with user demand.
- VI. Users not required handling software upgrades and patches.
- VII. Application Programming Interfaces (APIs) allow for integration between different pieces of

software.

Online document management software will store and protect each department's mission-critical information, DR (Disaster recovery) and BC (Business Continuity) plans, not only for when an event occurs but also during the creation, collaboration, versioning, review and final approval of these documents. Using document management systems for business continuity and recovery includes these additional advantages:

- i) Secure offsite information storage and retrieval via servers located in protected data facilities easily accessible from anywhere in the world via the internet.
- ii) 24/7 operations providing uninterrupted data availability around the clock.
- iii) Automated back-ups removing the burden or reliance on IT resources.
- iv) Process and security controls, which guarantee your information is safe and readily accessible, while your company recovers.
- v) Instant access to all of your documents from anywhere with an Internet connection.
- vi) No Infrastructure requirement.
- vii) Boosted productivity and enhanced customer service.
- viii) Ensured compliance with government regulation through permanent online document storage.

4. POPULAR SAAS APPLICATIONS FOR DOCUMENT MANAGEMENT

There are various SaaS software's being used for the document management. The most popular applications are:

- i) Zoho
- ii) ValleySpeak project Server
- iii) Logical Doc Cloud
- iv) Open Bee SaaS Platform
- v) Office 365
- vi) Goggle Docs
- vii) IBM Smart Cloud

i) Zoho

Zoho is SaaS software used as a solution for Business Intelligence for small & medium scale industries. Earlier Business Intelligence was restricted with large enterprises but now Zoho makes it available for SMBs too. Zoho is used for the creations of reports in spreadsheet online. Zoho has the following Characteristics [4]:

- **Affordable:** The very affordable pay-as-you-use monthly subscription plans means you no longer need to worry about paying high licensing fees or annual support fees.
- **Quick & Easy Setup:** SAAS BI saves a lot of setup and implementation time. With a SAAS BI application like Zoho Reports, you can import data from multiple sources and get to see auto-generated reports immediately.
- **Short Learning Curve:** Zoho Reports has a spreadsheet-like interface and reports can be created by drag-and-drop. Makes it easy for users accustomed to using spreadsheet software as MS Excel.
- **Easier Collaboration:** Being on the cloud means easier collaboration. No need to email spreadsheets & reports around. Just sharing an URL would do.
- **Self-service / Pervasive BI:** Zoho Reports as a SAAS BI solution makes it easy for a typical business user to [sign up, start creating and sharing reports in minutes -- without any help from IT.](#)
- **Web APIs:** HTTP based REST APIs makes Zoho Reports a true SAAS BI solution on the web. If you are an independent, you can easily integrate Zoho Reports into your product or application

(ii) ValleySpeak project Server

ValleySpeak is another SaaS software used for managing schedules and projects and also allows teams to publish, execute and control projects in real time. It is a licensing copies of Microsoft Project for each team member and the project Server lets team members view and updates their schedule status through browser, ensuring that they are always using the most current version of the schedule and eliminating the need to email Microsoft Project files around.[5]. The important characteristics are:

- Integrated Project Management, Issue Tracking, Risk Management, Discussion Forums, Document Management, Timesheet Management, Calendar Management and Project Reporting .
- 100% Two Way Integration with Microsoft Project .
- Browser based software client leading to lower Total Cost of Ownership

-
- Roles based Dashboard covering the entire organizational portfolio
 - Approvals based workflow gives complete project management control
 - Collaborative tools for distributed team productivity.
 - Your Microsoft Project files remain on your desktop so that you have full control of your files at all times.

(iii) Logical Doc Cloud

It is an on demand approach given by Logical Objects for those users that do not have the resources for a self-hosted system. LogicDOC Cloud implements the Software as a Service (SaaS) paradigm by which user purchase a service and do not care about installation and tuning issues. LogicDOC is part of SaaS where users purchase the services and installation and tuning is taken care by the company. LogicDOC is best for SMB's those donot want have enough resources to spend for complex backup and firewall issues [6]. The advantages of online document management include:

- Online document management offers a safe way to create collaboration and sharing of knowledge between people in different places.
- Users working from home offices or from external locations can securely access and share the information.
- The ability for people to have independent access to the information they need - anywhere, anytime - reduces the need to be in the office to answer requests and questions.

(iv)Open Bee SaaS Platform

Another SaaS Software is Open Bee, which has fully managed hosted document management platform of SaaS standards; software applications deployed as a hosted service and accessed over the Internet via a standard web browser. The solutions providing by the Open Bee is faster, highly effective document archiving and lower maintenance requirements, and no hardware costs. Open Bee SaaS Platform is designed with two key objectives in mind: [7]

- **Simplicity**

You benefit from a highly intuitive document management solution without the technical burden and risk of managing the hardware, database, network and on-going maintenance required to run a best-in-class document management application.

- **24*7 Availability & Maximum Security**

We maintain your Document Management Platform through highly trained staff and powerful morning

tool to ensure you the highest possible availability and around-the-clock security against downtime.

(v) Office 365

Another SaaS Software is Office 365 launched by Microsoft. Office 365 provides best solution for productivity, collaboration, communication, and tension -free IT. Office 365 provides the following key benefit for SaaS users.[9]

- Cloud-based professional email outside your organization
- Video conferencing and IM
- Share files inside and outside your organization
- Easy and secure administration
- Financially backed reliability
- Predictable monthly costs with no up-front infrastructure costs
- Secure administration

(vi) Goggle Docs

Google Docs is Google's "software as a service" office suite. Documents, spreadsheets, presentations can be created with Google Docs, imported through the web interface, or sent via email. Documents can be saved to a user's local computer in a variety of formats.

The key benefits for SaaS users are:

- When we type a link, Google Docs now recognizes it as a hyperlink and does the rest automatically.
- More page size support, including 7.25" x 10.5" Executive-sized pages.
- Provides spell-check in spreadsheets.
- Horizontal navigation options on Google Sites.
- Global footers that display across all pages, also in Google Sites.
- Deleted Items folder to help recover [accidentally lost Google Apps data and documents](#).

(vii) IBM Smart Cloud Docs

IBM also launches his public cloud SaaS Platform named with the Smart Cloud Docs. IBM SmartCloud for Social Business is a portfolio of online services, delivers scalable, security-rich email, Web conferencing and collaboration solutions. IBM SmartCloud for Social Business is delivered through the SaaS model. IBM SmartCloud for Social Business services provide users with new ways to work more effectively with people inside and outside their company, including customers, partners and suppliers, at a very predictable monthly rate. You can also access IBM SmartCloud for Social Business webcasting

services, instant messaging and more, right from your mobile device using IBM SmartCloud Mobile. [8]. The key Benefits of Smart Cloud Docs include:

- A security-rich solution providing full messaging capabilities for web, desktop, and mobile.
- It allows documents to be downloaded in Microsoft Word format or PDF format.
- Available in Beta version
- IBM Docs users will be able to store and share documents in IBM SmartCloud, co-edit documents in real time or assign users sections of the document so they can work privately easing the management of multiple revisions from multiple authors in team-based documents.

Along with these, there are other applications available on the cloud, which are making the move from desktop to cloud easier and faster for consumers and businesses.

- Aviairy –Avairy is free online software for the Photoshop users, gives advanced photo and image -editing right from your browser – and it’s free.[10]
- Picnik –Another excellent online photo editor. While not as advanced as Aviairy, it’s a lot more popular and has an excellent API, which we’ve used to build photo editing right into the upcoming release of Big Commerce 6. [10]
- Salesforce -The CRM pioneer which is slowly but surely changing how sales team manage their pipelines, opportunities and deals. Often looked at as the business version of Amazon.com in terms of innovation and adoption.
- Box – Pioneering file and document sharing in the cloud. Box makes it easy for both consumers and businesses to upload, share and update all sorts of files. They also have excellent mobile clients for iPhone, Blackberry and Android phones. [10]
- BigCommerce –A true cloud-based offering which gives businesses of all sizes everything they need to sell online and attract more customers to their online store. Features like built-in CRM, a suite of marketing tools and easy-to-use content management system turn your website into a platform which can sell, support and attract new customers, as well as evolve with your business needs as they continue to change in response to your own customer’s needs and habits. [10]

5. SAAS BASED DOCUMENT MANAGEMENT FOR SENSITIVE DOCUMENTS

Software as a service (SaaS) grew quickly in popularity because of its ability to rapidly satisfy the needs of business users, not CIOs or IT teams. When line-of-business leaders had difficulty getting into IT's priority queue, they went to the cloud for software solutions. Now cloud is fulfilling its promise to be

more than just SaaS There are several sectors that are dealing in documents in their daily routine such as banks and courts.

5.1 Banks

The first main sector dealing in the documents is the Bank. Banks are dealing with complex nature of operations; treasurers depend on real time information to take informed decisions. From technical charts to macroeconomic indicators such as the inflation index, CPI and PPI numbers, employment data and intelligence driving technology is key. Treasurers also rely on decision support systems and analytical tools to enable agile decision-making. Technology has proven invaluable for market research and to develop mathematical models. SaaS as a delivery model has picked up pace in recent years and banks have started to appreciate its benefits. It can help corporate treasuries to efficiently reduce their total cost of ownership and at the same time gain in agility. One pain point for banks embarking on a treasury transformation venture is the solution selection process that can be both painstakingly slow and cost intensive. The SaaS model very precisely addresses this issue and delivers a sound value proposition for both corporate houses as well as bank treasuries. It drastically reduces capital and support costs besides improving operational efficiency. The model requires the solution provider to not just provide the software but also maintain it, thereby driving down significantly the costs of hardware acquisition.

5.2 Courts of Law

The second major area, which can be benefited by SaaS software, is Court. All the Court's decisions are based on Document. In traditional era, documents are stored on papers, which further is very difficult to store and compile at the time of need. Diligent research, careful crafting of arguments and documents, and persuasive advocacy on behalf of a client are all core elements of the practice of law. a new software model has emerged: Software as a Service (or "SaaS"). SaaS is distinguished from traditional software in several ways. Rather than installing the software to your computer or the firm's server, SaaS is accessed via a web browser (like Internet Explorer or FireFox) over the Internet. Data is stored in the vendor's data center rather than on the firm's computers. Upgrades and updates, both major and minor, are rolled out continuously. And perhaps most importantly, SaaS is usually sold on a subscription model, meaning that users pay a monthly fee rather than purchasing a license up front. Traditional software and SaaS differ significantly on matters of customer service and technical support. To receive full technical support with traditional software, many vendors require that users purchase per-license support packages on an annual basis. Because the software is installed on the user's computers, the computer configurations, server setup, and other installed software may complicate support. In some cases, it can be difficult for users to identify which technical support to contact: the software developer, the operating

system developer, the hardware vendor, or their own computer consultant.[12]

6. CONCLUSION

Managing the documents through the paper-based systems is a tedious task. SaaS is an excellent platform for online document management at the time of disaster. A number of SaaS offerings have been discussed in the present work, which can prove to be an excellent tool for the online document management. SaaS based applications helps the organizations to automate the document management process at the minimal cost and hence can prove to be a business enabler with significant savings on the budget and time. Along with this, the inbuilt features of the cloud computing paradigm are also available to the users with the high availability, scalability, rapid provisioning and on-demand services.

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MIS AND IT – TOOLS FOR IMPROVING PERFORMANCE OF BANKING SECTOR

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ABSTRACT

Banking sector is becoming highly competitive day by day. So banks can not break away from themselves from changing technological environment. Increased use of information technology emerged as the key to meeting today's environmental challenges. Several measures were mooted at the level of the Government, the Reserve Bank and industry, which provided an impetus to adoption of technology in the banking sector. Asset quality of banks is one of the most important indicators of their financial health. The regulator directed banks to review their existing technology and MIS framework and strengthen the systems. Financial institutions, including banks, all over the world are, therefore, crucially dependent on products of IT

Keywords: Banking Industry, Information Technology for Banking, Performance Enhancement

INTRODUCTION

Information technology (IT) has become a vital part of every business organization, whether it's a case of manufacturing, trading or any other service organization. These days email is the principal means of communication between employees, suppliers and customers. Due to information technology there is no need to keep many files. Today, most companies store digital versions of documents on servers and storage devices. These documents become instantly available to everyone in the company, regardless of their geographical location. Companies are able to store and maintain a tremendous amount of historical data economically, and employees benefit from immediate access to the documents they need. Management Information Systems (MIS) enable companies to track sales data, expenses and productivity levels. The information can be used to track profitability over time, maximize return on investment and identify areas of improvement. Companies are using IT to improve the way they design and manage customer relationships. Customer Relationship Management (CRM) systems capture every interaction a company has with a customer. The customer has a better, more focused experience and the company benefits from improved productivity.

ROLE OF IT FOR BANKS

Banking sector is becoming highly competitive day by day. So banks can not break away from themselves from changing technological environment. Internet has significantly influenced delivery channels of the banks. Internet has emerged as an important medium for delivery of banking products and services. The e-banking has made the customer say good-bye to huge account registers and large paper bank accounts. Though the pace of change has been slow, yet the Indian banking scene is no exception to this phenomenon of transformation in products and services affected through IT. Banking in developing countries like ours has also started witnessing the changed technological and socio-economical factors, the emergence of new financial services has been provided with support of Information Technology, e.g. easy transfer of funds and messages across and beyond the national boundaries. Financial institutions, including banks, all over the world are, therefore, crucially dependent on products of IT.

During the last decade, with the liberalization and opening up of Indian Economy, new private sector banks were established. Foreign banks also expanded their presence in India. The new private sector banks had a distinct advantage over the nationalized banks as they were able to start their operations with fully computerized services from day one. Foreign Banks were already offering such services.

WHY IT IS MUST FOR BANKS

The banking system is slowly shifting from the Traditional Banking towards relationship banking. Traditionally the relationship between the bank and its customers has been on a one-to-one level via the branch network. This was put into operation with clearing and decision making responsibilities concentrated at the individual branch level. The head office had responsibility for the overall clearing network, the size of the branch network and the training of staff in the branch network. The bank monitored the organization's performance and set the decision making parameters, but the information available to both branch staff and their customers was limited to one geographical location. Banking which is being considered as information intensive industry, building a Management Information System within a bank or an industry is a gigantic task. It is more so for the public sector banks which have a wide network of bank branches spread all over the country.

A banking system must ensure-

- Sound management of risks,

-
- Maintain the ability to compete effectively with other providers of financial services,
 - Meet the needs of their communities for credit and financial services,
 - Comply with laws and regulations, and
 - Provide fair access to financial services and fair treatment of their customers.

There is a need to focus on the risk issues inherent in information systems, The major risk issues, common to all includes

- Management of technology resources, whether in-house or outsourced; Integrity of automated information (i.e., reliability of data and protection from unauthorized change);
- Availability of automated information (i.e., adequacy of business resumption and contingency planning); and
- Confidentiality of information (i.e., protection from accidental or inadvertent disclosure).

MIS SYSTEM IN BANKS

Though computerization of bank branches has been going on at a good pace, MIS requirements have not been fully addressed to. It is on account of the fact that most of the Total Branch Computerization software packages are transaction processing oriented. They have been designed primarily for day-to-day operations at the branch level and day-end balancing of books.

- The need for building MIS at the corporate level has increased considerably during the last few years because of the following reasons:
- Regulatory requirements indicated by the RBI for preparation of Off-site Monitoring Surveillance (OSMOS) Reports on a regular basis in electronic format.
- Regulatory requirement of filing of statutory returns such as the one under Section 42 of the Reserve Bank of India Act, 1934 for working out Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) obligations in electronic format
- Asset Liability Management (ALM) guidelines for banks being implemented by the RBI w.e.f. April 1, 1999 with the stipulation that the banks should capture 100 percent of their business through the ALM system by April 1, 2000. Need for timely submission of Balance Sheets and Profit & Loss Accounts.
- Focus on transaction costing and a need for relating the service charges levied on the customers to be based on cost of servicing .Need for Inter-Branch Reconciliation of Accounts within a definite time frame.
- Need to meet the stipulations made by the Central Vigilance Commission (CVC) to

computerise at least 70 percent of banking business by January 1, 2001. Need to undertake risk management strategies and for this purpose build up appropriate sets of data and market intelligence reports data warehousing and data mining techniques.

IMPLICATION OF ADOPTING MIS TECHNOLOGY

Implication of adopting MIS technology in a bank would be as under

1. All transactions captured at the branch level would get consolidated at a central location. Such a central location could be called the Data Warehouse of the concerned bank
2. For banks with large number of branches, it may not be desirable to consolidate the transaction details at one place only. It can be decentralised by locating the services on regional basis.
3. By way of data mining techniques, data available at various computer systems can be accessed and by a combination of techniques like classification, clustering, segmentation, association rules, sequencing, decision tree (described in detail at Annexure-15), various ALM reports such as Statement of Structural Liquidity, Statement of Interest Rate Sensitivity etc. or accounting reports like Balance Sheet and Profit & Loss Account can be generated instantaneously for any desired period/date.

DIFFERENT SOFTWARE RESOURCE FOR BANKS

RisKompass : A software system for derivatives valuation and risk management, RisKompass enables clients to manage derivative trades in a further controlled way from the front to back office. Supporting the industry standard FpML (Financial Product Markup Language) protocol, it can manage valuation and risk management of a broad range of derivatives instruments. The system will handle derivatives such as interest rates and foreign exchange for Bank.

1. The implementation will provide the bank with an automated system that reduces manual effort to streamline its operations.
2. The benefit envisaged by the bank is that everybody being on the same system, it can be accessed by anyone on the different locations of the bank.
3. The users at the bank would include traders, dealers and risk managers.
4. The solution will result in smoother deal processing, with verifying and online risk monitoring mechanism.
5. It will streamline all operations and the risk mechanism can be monitored centrally
Electronic Clearing Service (ECS Credit)

ECS Credit is an electronic clearing system that facilitates paperless transaction through an offline system. Bank facilitates ECS Credit at all ECS designated locations. We accept the electrotronic file and arrange abstention of settlement date (date of credit to beneficiary account) from RBI/SBI/Local Clearing House as the case may be. The funds gets debited from a centralized account and credit is accorded to the respective beneficiaries as per settlement cycle. A detailed MIS about the transactions is provided to the customer.

NEFT

To establish an Electronic Funds Transfer System to facilitate an efficient, secure, economical, reliable and expeditious system of funds transfer and clearing in the banking sector throughout India. The customer willing to avail the NEFT facility offered by us shall submit an "NEFT Application Form" authorising the sending bank to debit the sender's account and transfer funds to the beneficiary specified in the NEFT Application Form. The Beneficiary's account will be credited on the same day by crediting the specified account of the beneficiary or otherwise placing funds at the disposal of the beneficiary.

CENTRALISED SERVICE DESK

A dedicated service desk has been started at our Centralised Collection and Payment HUB (CCPH) to ensure that your queries are resolved quickly and efficiently. The Customers can contact CCPH regarding any query about the MIS or the process flow.

Web CMS provides you with all the information at a click. Detailed MIS Like location wise collection and return, product-wise pooling, pooling in pipeline (due credit report) etc. can be viewed and downloaded from web interface through internet

Comprehensive MIS provide comprehensive MIS reports like daily report, transaction report future credits reports and cheque returned unpaid report. On the payments side we provide daily paid - unpaid status for the demand drafts, cheques or warrants issued by your Organization.

MOBILE ALERT SERVICE

The CMS clients availing our collection products now have the facility to subscribe to Mobile Alert Service for receiving alerts on registered mobile phone numbers instantly after the funds are pooled. To avail this facility, please visit nearest CMS designated branch or log on to our Web CMS to download the form online and send it to our branch where your account is maintained.

INITIATIVES, EFFORTS AND SUPPORT

Increased use of information technology emerged as the key to meeting these challenges. Several measures were mooted at the level of the Government, the Reserve Bank and industry, which provided an impetus to adoption of technology in the banking sector. CBS implementation has made customer account maintenance seamless and enhanced data storage and retrieval capabilities tremendously. It has also enhanced the banks' capacity to develop and market new products, as technology has increased information availability and the capacity for analysis and communication manifold. Such capabilities and efficiencies are poised to rise further with the advent and adoption of evolving technologies like cloud computing and virtualization, which have the potential to significantly bring down financial and management costs.

Economic theory supported by empirical evidence suggests that, in general, increases in technology investment will raise productivity, lower costs, and allow firms to operate more efficiently. Information technologies and the innovations they enable are strategic tools, since they reduce the costs of financial transactions, improve the allocation of financial resources and increase the competitiveness and efficiency of financial institutions. Technological innovation not only enables a broader reach for consumer banking and financial services, but also enhances its capacity for continued and inclusive growth (Subbarao, 2009).

Globally, the effect of IT on the banking industry has been positive. In general, studies have concluded two positive effects regarding the relation between IT and banks' performance. First, IT can reduce banks' operational costs (the cost advantage). Second, IT can facilitate transactions among customers within the same network (the network effect). Eyadat and Kozak (2005) examined the impact of the progress in IT on the profit and cost efficiencies of the US banking sector during the period 1992-2003. The research showed a positive correlation between the level of implemented IT and both profitability and cost savings. Berger (2003) also showed improvements in bank performance and consolidation of the banking industry in the US during the deployment of new technologies.

In the Indian context, technological innovation and investment in IT during the period 2005-06 to 2009-10 led to efficiency gains for the scheduled commercial banks (Rajput and Gupta, 2011). Technology is encompassing the entire set of business processes in the banking industry and technological innovations are enabling banks to cope with burgeoning customer requirements, social and developmental expectations, strategic and competitive business needs, internal control and risk management needs, governance and regulatory reporting requirements.

Banks have adopted core banking solutions (CBS) that effectively address the transactional requirements of the banks. With the implementation of CBS, the banking system is now seamlessly integrated. With the basic technology adoption being complete in banks, there is, therefore, a need to move from a transaction processing system to an information processing system. In its IT Vision Document 2011-17, the Reserve Bank of India has highlighted the need for banks to move forward and leverage IT in areas like Management Information Systems (MIS), overall risk management, financial inclusion, customer relationship management (CRM) and enhancing automated data flow within the banks and to the Reserve Bank without manual intervention. Banks need to augment their innovation capabilities in terms of new products, services and strategies which would enable them to maximise their efficiency gains .

With the computerisation and adoption of CBS in banks almost reaching the final stage of completion, the focus has now shifted to adoption of more advanced technologies in banking which would enhance their CRM by using appropriate tools, improving internal effectiveness including MIS and managing risks arising out of IT implementation.

CONCLUSION

Asset quality of banks is one of the most important indicators of their financial health. The regulator directed banks to review their existing technology and MIS framework and strengthen the systems further for early detection of signs of distress at individual account level as well as at segment level. According to industry players while it provided an opportunity to technology companies like iCreate Software to secure contracts for automating the data flow, it also gave them the chance to cross-sell other banking software products.

With the advent of the process of liberalisation in the early 'nineties, the demands on banks' resources and capabilities increased as banks had to match the challenges of being financial service providers in a globalised, competitive environment. This posed a dual challenge for the banking industry. The first challenge was to manage the growing needs of their existing customer segments and business locations for better and more efficient services, and the second was, how to expand the reach of their services and business beyond the traditional services and locations, which had large socio-economic implications because large parts of the population did not have access to even basic banking services. At this juncture, banks in India were looking at huge potential in business growth as well as several constraints, such as inadequacy of infrastructure and human resources, geographical, topographical and distance limitations, communication inefficiencies, cost implications and delivery, as well as the processing

capability to manage more business information and larger accounts.

However, going forward, banks need to innovate appropriately in terms of products, services and strategies and will also need to align their IT and business perspectives to fully leverage the benefits of technology. Predictive analytics can bring in competitive advantage in banking and help banks move from product-centric to customer-centric operations.

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E-BUSINESS UNDER FUZZY ENVIRONMENT: SOME DECISION SUPPORT TOOLS

B. K. Mohanty¹, Mahima Gupta²

ABSTRACT

A new methodology is introduced here to obtain the customer's preference ranking of the products in on-line business. Concepts of Fuzzy sets, Data Mining and the PROMETHEE methods along with Multiple Criteria Analysis are used for the purpose. This methodology takes into account the customers' dealings in linguistic terms to articulate the above preference ranking. Customers' data on business transactions are considered here as an input in order to pronounce various association rules amongst the product attributes. This is possible by taking the customers' transactions as the fuzzy subset of the product attributes. The membership value of the attributes corresponding to a transaction depends on the users preference level of the product attributes and the number of products is contained in that transaction. The concept of PROMETHEE is further used here to determine the net association amongst the attributes. This procedure leads to obtain the preference ranking of the products as per the customers' choice.

1. INTRODUCTION

Over the last decade many companies have focused attention on the use of Internet to commercialize their products and services. The development of information technology, on-line business strategies, and Internet tools has established more convenient ways to commercialize their business transactions efficiently. Many organizations consider this as a major paradigm shift from the traditional concepts of across the table marketing to the world of easy and effortless business processing. More and more organizations from all sectors are attracted by the tremendous benefits of Internet applications. To name a few these include cost and time saving , increase of productivity , flexibility , consistency , reduced work load , timeliness, facilitator for global business across the country and removal of regional boundaries. Internet business is considered as a technological driving force in the twenty first century.

Although many successful stories involving the use of Internet have been reported, numerous Internet investors are disappointed and impatient as they wait for benefits that may never come. This is mainly because, in the Internet Business, the underlying technology should be more focused to the current business profile and help in satisfying the customer's needs. Unfortunately, there has been a little study

of quality measurement in the Internet business applications with respect to the customer's needs. In this context, quality is customer focused, and hence the relative importance of quality characteristics of Internet business applications should be determined for different types of users or business environments. This specific nature of Internet technology helps to evaluate the trustworthiness of the product in eyes of the consumers especially in the Internet market. The consumer's inability to discriminate a fraudulent product from a legitimate one is a serious problem for the sustained viability of the Internet commerce. The Internet might become the next “lemon market”: in an environment where it is difficult to tell the difference between good and bad products, the bad ones poison the market and drive away the good products and eventually the consumers. In addition to this, the lack of product definition in the Internet market, may lead to increase in cost of doing business on-line and decrease the market's competitiveness.

Mainly a customer wants to avoid the risk while purchasing the product in the Internet. Risk refers to a consumer's perceptions of uncertainty and adverse consequences of engaging in an activity. When risk is present trust is needed before a buyer is willing to transact with a seller. Perceptions of risk have been found to be greater especially when a consumer purchases the products through the Internet market rather than in store channels. This is because the costumers lose the ability to engage in direct observation of the product attributes which he/she normally experiences and communicates with the seller in consumer stores. The possibility that a seller withholds information about the quality of a product, or its attributes (which are in multiple numbers), or about the performance of a company, is a source of risk for potential buyers. Also the uncertainty due to risk increases when the Internet tools do not provide the required information about the product attributes in a multiple fashion. In this case, the market is considered as not reliable and hence the customer focused. Moreover, in this case the buyer cannot scrutinize the desired attributes of the product (which are in general multiple in numbers) and prefers to face-to-face interaction with the seller in the traditional market in compare to the Internet market.

2. FUZZY MULTI-CRITERIA CONCEPTS IN INTERNET BUSINESS.

The above problems of the Internet business can be well addressed by taking into account the customers need in a multi-dimensional view. That is a customer would like to examine and analyze the multiple aspects of the product before making the final purchasing decision. For example in a car purchasing problem the multiple attributes may be cost , fuel consumption , re-sale value , engine type , design , color etc. In this particular case, the customer has to select a car that offers the best match, in terms of its attributes to his/her requirements. Concepts of Multiple Attribute Decision Making help here to handle

this problem. The multi-attribute approach is one of the many models that have been developed to deal with decision making situations where several factors have to be considered simultaneously (Aouni and Kettani 2001), (Mohanty and Vijayaraghavan, A multiobjective programming problem and its equivalent Goal Programming problem with appropriate priorities and aspiration levels- A fuzzy approach 1995). In practice the decision maker searches for a best satisfying compromise among several conflicting non-commensurable and fuzzily defined attributes.

FUZZY LOGIC IN INTERNET BUSINESS

In any business environment (on-line or traditional) a customer with his / her product knowledge or product information goes to the shop, compares different products and selects a product of best choice. Normally a sales assistant helps and suggests a product(s) that satisfy the customer's product requirements. So far most on-line business approaches are based on precision data, non-ambiguity knowledge and exact information. We have not yet come across any model, which incorporates the customer's realistic behavior of fuzzily defined product attribute requirements. Non-fuzzy data assumptions in the Internet business will have difficulty in implementation because of the fact that impreciseness is inherent in the customers mind and also in almost all business problem domains. Ignoring or approximating the customer's fuzzy requirements and using the existing precise models will not only lead to an unpredictable result but also will cause to a failure because of the misrepresentation of the customer's real opinion in terms of his/her knowledge content. For example in buying a shirt a customer, normally do not consider precisely the amount of percentage of cotton, the style and softness of the fabric and the durability of the shirt. In an another example of car purchasing the attributes of the product CAR may be Cost , Resale Value , Mileage , Comfort , Maintenance Cost etc. In the customer's view these attributes are defined as, the cost of the car should around 200 thousand, Resale vale should be very high, More or less the mileage should be around 20 Kms, the car should be comfortable and the maintenance cost must be relatively low. The above representations of the customer view points is realistic and a day to day language, but are vague in computational sense. Fuzzy logic quantifies these linguistically defined statements and represents them in the form of fuzzy numbers (Dubois and Prade 1978). This work aims to address the customer's main issue of fuzzy requirements and to formulate a model to meet the customer's desired level of the product attributes.

HIERARCHICAL PRODUCT CLASSIFICATION

Another problem in the marketing, a customer very often faces, especially in Internet business, because of the availability of similar alternative products in the network. This creates some sort of ambiguity in

the customer's mind while making the final choice of a product. The ambiguity is mainly because of two reasons. Firstly how to make a final product choice to purchase, and secondly on what basis the other products will be rejected. In order to answer the above questions the customer may like to classify the products in different preference levels, preferably through some numerical strength of preference. Achievement of this classification will serve as a decision aid to the customer in the sense that , while purchasing a product he/she will come to know the information that at what level the product is chosen and what extent the other available products in the network are either superior or inferior to the chosen product. This procedure will remove in the ambiguities in the customer's mind about the other products, and inherently will create a measurable instrument the light that how far the chosen product is below or above to the other available products. In addition to this the customer will also know, how far he/she is compromising to the best available product (zero compromise, in case he/she purchases the best available product). The main problem here is how to classify the products into different preference hierarchy levels. The concept of attribute flexibility (Mohanty, Product Classification in Internet Business 2001), (Ryu 1999) is defined here to classify the products from best to worst as per the customer's requirements. The multiple attributes of the product in the form of fuzzy sets are considered to rank the products in the Internet market.

Example: If two cars cost (2, 0.8) and (2.5, 0.6) and the attribute cost has the flexibility 0.2, the costs 2 and 2.5 are considered at par and kept in the same preference class. The numerical quantities 0.8 and 0.6 represent the membership values of the attribute cost.

In the Internet business, we have not come across any literature which incorporates the multiple aspects of the product attributes along with the customer's opinion of fuzziness, in each attribute, for assessment of the product. This work handles the above mentioned problems and after classifying the available products arrives at a viable solution which best satisfies the customer's requirements. Briefly the procedure can be explained in the following steps.

1. Quantify each attribute of the product in the form of Fuzzy Numbers.
2. Choose a specific attribute and measure the extent to which this attribute's level is satisfied to that of the customer's desired level. Note that for K number of products we will have K such attribute levels.
3. Determine the attribute flexibilities across the product attributes.
4. Ryu's algorithm is used to classify the products into different hierarchical levels

DATA MINING IN E-BUSINESS

In (Mohanty, Product Classification in Internet Business 2001) it has been assumed the customer's preference order of product attributes subjectively. However, in reality the customer might not prefer the product attributes in that order or he/she may change his/her preference order depending on the business scenario. Moreover, in the business interest, particularly on on-line business situations, a vendor may take interest the actual attribute preference order to which really the customers prefer. This necessitates articulating a preference order of the product attributes as per the customers choice. It is a difficult task and becomes a real problem particularly in the on-line business system. In order to achieve this present work takes into consideration a large set of data of actual customer transactions. The data mining techniques further assist us by exploring the past business transactions and finding the explicit as well as implicit preference order of the product attributes used by the customers.

In practice the actual business transactions record the products and not the product attributes. However, our requirements are the preference order of the product attributes as per the customers' choice. Articulating the customer choice from the available information of the product transaction records is a difficult problem. This problem becomes more difficult and complex when the product attributes are imprecise, ambiguous, vague, confusing or fuzzily defined. We have handled this situation and arrived at a desirable solution of preference order by using the concepts of association rules of the Data Mining (Pujari 2001).

3. OUR PROCEDURE

Initially customer's transactions are taken and each transaction is defined as a fuzzy set of the product attributes. The membership functions of the above fuzzy set corresponding to a transaction depend on the user's preference level of the product attributes and the number of products is contained in that particular transaction. The product transactions and hence the fuzzy sets of the attributes corresponding to each transaction establishes various associations amongst the attributes. In the context of data mining these derived associations leads to some association rules and each rule has a numerical confidence level. These association rules take into account the customer's minimum requirements of the attribute levels. The customer's minimum level requirement on each attribute is considered here by taking into account the customers flexibility level that he/she can compromise on different attributes. That is the flexibility values of the attributes play an important role in identifying the minimum attribute level requirements. Details about the flexibility values are found in (Mohanty, Product Classification in Internet Business 2001)

PROMETHEE Multiple Criteria Analysis concepts in the Internet Business

Use of Data Mining concepts to rank the product attributes in the Internet business are explained in (Mohanty, Fuzzy Applications in the Internet Business 2002). The association rules amongst the attributes of the products help us to determine a particular order of the attributes as per the customer's choice. This is done by giving an interpretation to the association rules in the following way. Let there are 3 attributes, (say, A1, A2 and A3) and three association rules with degree of confidence as 0.52, 0.75 and 0.5 respectively.

$$A_2 \xrightarrow{0.52} A_1, A_3 \xrightarrow{0.75} A_1, A_2, A_3 \xrightarrow{0.5} A_1$$

In (Mohanty, Fuzzy Applications in the Internet Business 2002) the association rules are interpreted as, as per the customer's viewpoint the presence of the attribute A2 enhances the preference level of A1 additionally 52%. This can be explained by the following example.

Example

Suppose the price (attribute A1)) of a car is very costly and satisfies the customer to a satisfaction level of 60 % only. Take another attribute of the same car say mileage (attribute A2) and it is very satisfactory to the customer. That is even though the cost attribute is of average satisfaction; the customer is tempted to purchase the car because of the attribute mileage. That is by taking the above association rule the satisfaction level of the attribute cost (A1) got the support of the attribute mileage (A2) with a confidence level of 0.52. That is the attribute A2 is similar to that of A1 to a degree of 52% level as per the customers lookout. Similarly we can have the interpretation for all other association rules.

The real difficulties of using the concept of data mining or for that matter the association rules are of accounting the numerical support (confidence level) in one direction. For example if A2 supports A1 with a confidence level 0.52 $A_2 \xrightarrow{0.52} A_1$ it is also necessary to account how far A1 supports A2, in order to calculate the net support gained by A1. This because as per (Mohanty, Fuzzy Applications in the Internet Business 2002), the association rule $A_2 \xrightarrow{0.52} A_1$ represents as if the attribute A2 as an addition of 52% of more of A1. With out consideration of the association rule in the opposite direction we are adding the similarities of A1 and A2 twice, once while taking $A_2 \xrightarrow{0.52} A_1$ to A1 and the other in the direction $A_1 \xrightarrow{0.52} A_2$ to A2. In fact we need the net support of an attribute. This can be obtained by using the PROMETHEE Multi Criteria Analysis method (Brans, Mareschal and Vincke 1984). This is explained through an example. From the above association rule the support gained by the attribute A1 is

$$\phi^+(A_1) = 1/3(0.52 + 0.75 + 0.5) = 0.6$$

As given in (Mohanty, Fuzzy Applications in the Internet Business 2002), the other association rules the support to the attribute A2 from A1 is

$$A_1 \xrightarrow{0.25} A_2, A_1 A_3 \xrightarrow{0.75} A_2$$

That is we have $\phi^-(A_1) = 1/2(0.25 + 0.75) = 0.5$

The net support gained by the attribute A1 is $\phi(A1) = 0.6 - 0.5 = 0.1$

Similarly we can have the net support of the other attributes numerically. This gives an ordering of the product attributes. As this ordering information is based on the data of customer's product transactions, we have our desired order of product attributes as per the customer's choice.

4. CONCLUSION

The methodology gives a new approach for product selection as per the buyer's desire in e-commerce. The use of fuzzy logic and PROMETHEE aids to solve the complex decision problems. The flexibility in customers' requirements helps to model the compromising attitude of the buyer. The realistic decision i.e. compensatory decision would facilitate choice of the products as per the buyers' preferences.

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ABSTRACT

The Indian Online Retail is a rich segment waiting to be exploited. Internet is a potent medium that can serve as a unique platform for the growth of retail brands in India. The medium holds many virtues favorable for the retail industry including a higher customer penetration, increased visibility, and convenient operations. The current web-based models for e-tailing are part of an embryonic phase preceding an era of rapid transformation, challenge, and opportunity in Indian retail market. The Indian retail market is witnessing a revolution. The growth of internet has enabled the new retail format of the virtual retailer to emerge and forced the existing retailers to consider e-tailing model of retailing as well. Online retailing or e-tailing is described as transactions that are conducted through interactive online computer systems, which link consumers with sellers electronically, where the buyer and merchant are not at the same physical location. In a short space of time, internet retailing or e-tailing has firmly established itself as a viable alternative to store based shopping. This paper attempts to provide a clear picture about the e-tailing in India and its various issues, opportunities. It also attempts to draw an effective e-tailing strategy in India based on the secondary research of E-tailing companies in India. E-Retailing from a business perspective offers an opportunity to cater to consumers across geographies, no operational timings, unlimited shelf space – and all this with miniscule quantity of infrastructure. For a country like India, this business model is an excellent way of growing the consumption driven economy. The online retail industry is evolving to create a bright commercial ecosystem. The e-retail Industry is shining bright touching the 11.2 billion USD mark, moving upto 30% from last year's 8 billion USD. Moreover there is an overall upsurge in the e Retail Industry.

Every e-commerce venture is not successful today but every successful company is into e-commerce business. It's the Boom time for Indian e-Commerce. The spirit is high, the growth rate is exponential. To keep the momentum going Franchise India proudly Presents India's retail market is estimated at \$470 billion in 2011 and is expected to grow to \$675 Bn by 2016 and \$850 Bn by 2020, – estimated CAGR of 7%. According to Forrester, the e-commerce market in India is set to grow the fastest within the Asia-Pacific Region at a CAGR of over 57% between 2012–16. India's e-tailing market in 2011 was about \$600 Mn and expected to touch \$9 Bn by 2016 and \$70 Bn by 2020 – estimated CAGR of 61%.

KEYWORDS: Retailing, Etailing, Issues, B2C transactions.

INTRODUCTION TO E-COMMERCE

Electronic ecommerce has become a buzzword for businesses over the past few years, with increased awareness about the use of computer and communications technologies to simplify business procedures and increase efficiency. Combining a range of processes, such as electronic Data Interchange(EDI),electronic mail(e-mail),World wide Web(WWW),and Internet applications.E--commerce provides ways to exchange information between individuals, companies and countries but most important of all, between computers.

More simply put, e-commerce is the movement of business onto the World Wide Web.

MEANING OF E-RETAILING

E-tailing is a form of business to consumer e-commerce.

E-retailing uses internet as a medium for customers to shop for the goods or services.

There are two types of E-retailing:

1. Pure plays: Pure play uses internet as the sole medium of retailing.
2. Bricks-and-clicks: It uses internet as an additional medium in addition to physical store for sale of goods and services to retail customers.

Nowadays everything is being offered at the convenience of the customers with the click of a mouse whether we talk about clothing, furniture,flowers,books and even groceries. The manufacturer or retailer now has the opportunity to reach the customers direct not only to sell products directly but also to offer a unique service by offering valuable product information and a customer feedback and after sales system. New relationships with the customer can be established and built in this way. Online retailing is nowadays referred to as e-tailing and entails the performance of retail activities online using the internet as a basis for dealing with consumers by e-mail,website,cellphones and any other means that can be linked to the internet structure. There are certain essential ingredients for an electronic retailing business to be successful. One must consider these components well in advance before setting up an electronic storefront. These essential components are:

- Attractive business-to-consumer (B2C) e-commerce portal
- Right revenue model
- Penetration of the Internet

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- E-Catalog It is a database of products with prices and available stock.
 - Shopping Cart The customers select their goodies and fill shopping cart. Finally, as in a real store, at the time of checkout, the system calculates the price to be paid for the products.
 - A payment gateway A fully secure payment mechanism should be available to the customers to make purchases using credit card/debit card, digicash, net banking etc.

ORIGIN OF E-RETAILING IN INDIA:

E-retailing has a history of few years and it is not an overnight phenomenon. VSNL introduced internet to India in mid-90s and in 2000's internet penetration increased at a faster pace. Technology advancements enabled better online interfaces with safer transactions and e-commerce has become a part of common man's life through travel retail, financial services and e-tailing. Now that the critical mass has been achieved, the decade of 2010 is taking this phenomenon to the next level where it no longer can be ignored.

E-commerce market size in India is estimated to be USD 14 Bn in 2012 and is projected to reach USD 74 Bn by 2017. The number of e-retail websites are growing rapidly leading to an aggressive competition among the E-Retailers.. Though e-tailing is still a very small part of overall retail in India (0.2%), it is projected to grow at a fast pace (reaching ~2% by 2017) and over the next decade its presence will be even more significant.

MODELS OF E-RETAILING

There are several models for e-retailing and these include:

SPECIALIZED E-STORE:

It offers the facility of ordering the product online and collecting it in the store chosen by the buyer. This combines the ease of shopping from the comfort of your own home with all the benefits and services the specialized concept stores offer.

GENERALIZED E-STORE/MALLS:

Such stores offer a variety of products and services through a single website.

DIRECT SELLING BY THE MANUFACTURER :

This medium of online shopping offers the wholesalers an opportunity to sell directly to the retail customers. e.g.: Proctar and gamble (P&G)

E-BROKER :

Like a traditional broker, an online broker executes trades for an investor electronically in exchange for some brokerage. By taking advantage of the internet, an online broker can also deliver timely news, information, real-time quotes and charts.

E-services:

'E-Service constitutes the online services available on the Internet, whereby a valid transaction of buying and selling (procurement) is possible, as opposed to the traditional websites, whereby only descriptive information are available, and no online transaction is made possible.

Steps To Be Followed To Setup E-retail

Step1: Set up an online store. A substantial investment is required for start-upcosts, which include domain name registration, site hosting, e-commerce software, site development and maintenance, marketing, credit card transaction fees, Internet access and customer service.

Step2: Design a professional, easy-to-navigate site that loads quickly at both dial-up and broadband speeds. Or, check out Amazon.com, eBay.com and Yahoo Shopping etc.(shopping.yahoo.com) for turnkey solutions for building an online store--the bonus is that you tap into the heavy traffic of these popular sites and take benefit of search engines.

Step3:Include detailed information about the products and services along with the photographs to bring traffic to your site. The site should also be updated on a regular basis.

Step4: Register your URL on all the major search engines (including Google.com andYahoo.com) to make sure your site shows up in relevant searches. Include keywords in meta tags in HTML files to increase the chances of getting hits from search engines.

Step5: Advertise your Web site on heavily trafficked sites and through banner and popups.

Step6:Establish trust. Post your privacy policy prominently. Have customer service information clearly displayed, including third-party recommendations, and provide quick response. Set up a secure server to handle credit card transactions. Answer customer queries by phone or e-mail promptly, effectively and courteously.

Step7: Use discretion: Obnoxious, blinking ads and spam e-mails drive away customers.

BENEFITS OF E-RETAILING

- E tailing offers convenience in terms of access (ease and time) to the young generation and their changing lifestyles.
- E tailing helps in making timely decisions by making the information available easily.
- At the virtual market place, it is easier to change a business model depending on how the demand evolves and competition hottens up. While some niche players changed to offer a wider range of products, some 'sell all' players changed to niche. BeStylish.com, for instance, claims to be the largest online shoe retailer in the country with 90 brands and 3,000 styles on offer for men, women and children.
- Rising [standards of living and a burgeoning, upwardly mobile middle class with high disposable incomes](#)
- Availability of much wider product range (including [long tail and Direct Imports](#) 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](#)
- Increased usage of online classified sites, with more consumer buying and selling second-hand goods.
- Evolution of the online marketplace model with sites like eBay, Infibeam, and Tradus

PROBLEMS FACED BY E-RETAILERS

- A huge amount of cots is associated with E-retail such as Website development and maintenance cost, Hosting and data security cost, Marketing costs, Warehousing costs, Product delivery cost, Payment gateways charges, Trust-building costs, Customer acquisition etc.
- The online channel players are facing the challenge of disengaging from the bleeding price wars in the near future.
- The online channel appears to be a threat for brick and mortar stores. The effect is more pronounced in some categories e.g. books where it is one of the key factors responsible for closure of several stores globally.
- Trust is more difficult to build in an online environment because of different locations, less

data control, lower barriers to entry and exit, Perceptions of lower security, lack of physical trust cues, lack of physical evaluation etc.

- In a shocker to the industry, the government, while permitting up to 51 per cent FDI in offline multi-brand retail, announced in September that online companies will not be allowed to get any foreign investment.
- **The Profitability Challenge:** There has been a trend that most firms are selling products at a loss. They are not able to cover the customer acquisition costs also. Although, there has been a progress in terms of profit margins but still it will take some years to the firms to understand the importance of profit as the firms are more concerned about acquisition of more and more customers rather than their profit margins. As of 2012, most of the e-commerce companies are yet to start making money.
- **The Financing Challenge:** During the financial year 2012-2013, there has not been any instance of external financing i.e. a funding of at least \$10-15 million by an 'outside investor'. Because of the poor profitability of Indian companies, they effectively can't do an IPO in India. As a result of the financing crunch, there will be companies that can't survive and will therefore need to merge or shut down. Companies with strong investor syndicates around them may be able to navigate this challenge better.
- **The Differentiation Challenge:** E-commerce largely remains a play when one service is indistinguishable from another. Players in categories like home furnishing, baby products or apparel, haven't managed to create a differentiated consumer offering. There could be varied bases for such differentiation—merchandising, customer experience, delivery efficiency and supply chain are some of them the notion of differentiation and capital raising is dependent on competition in a category, and the ability to survive could be the ultimate advantage. This is a self-balancing system and the 'last men standing' may attract consumer mindshare and capital.

Scope of E-Retail in India

- GDP will grow 5 times by 2030.
- Rapid growth of tier-II cities. Urban population Increase by 90 million each year.
- Currently, India is the third largest Internet user country in the world after US and China and the country's rank may also improve soon. 71 million active internet users with a growth rate of 51% over 1 year. According to Forrester, the e-commerce market in India is set to grow the fastest within the Asia-Pacific Region at a CAGR of over 57% between 2012-16

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- Vaitheeswaran, CEO of Indiaplaza.com believes, is the tremendous growth in internet penetration which has now reached 100 million as against only 3 million in 2001. “Earlier only around 1 per cent of internet users were shopping online, now about 8 per cent or 8 million shop online,” said Vaitheeswaran.
 - The 50-player retail e-com is growing at over 40 per cent a year, every month around five new ones jump on to the bandwagon and investors keep cutting cheques with a hope that there is a pot of gold at the end of the road. Experts hope that by the year 2025, the total e-com market will reach at least Rs 4,00,000 crore and the share of retail will be half at Rs 2,00,000 crore. India e-tailing market in 2011 was about \$600 Mn and expected to touch \$9 Bn by 2016 and \$70 Bn by 2020 – estimated CAGR of 61%.
 - In 2010 , Online retail constituted just 0.9% of India`s total retailing done in India and is growing at an annual rate of 35%
 - There has been 98% increase in rural internet users over 2011-2012. Around 60 per cent of online buying now comes from the top 10 cities and 40 per cent from smaller towns, said Prakash of Accel Partners. This ratio earlier was 80:20. . It is a fact that internet has dissolved the discrimination factor between the small and the big cities enabling buyers from small towns to have access to the same branded goods, and quality products which earlier was a privilege of large city buyers.
 - 84% increase in mobile internet users over 2011-2012 With the phenomenal spread of mobile telephony and the advent of 3G in the country, buyers from small towns and cities are also buying online in large numbers. Says Myntra.com CEO Mukesh Bansal, “Thanks to the spread of internet, even small town buyers are shopping online for branded products from us.
 - E-commerce infrastructure will improve.
 - Global E-commerce players like amazon.com are about to enter India.
 - 200% increase in venture capital funding over 2011-2012.
 - 45 million new debit cards issued yearly.
 - Payment innovation: prepaid cards, cash on delivery, mobile banking, swipe on delivery.
 - According to a recent report from Internet and Mobile Association of India (IAMAI), total Indian market for e-com is around Rs 50,000 crore, of which 80 per cent or Rs 40,000 crore is captured by travel e-commerce (online train, bus and airline tickets) while non-travel or retail e-com is only 20 per cent or Rs 10,000 crore.
 - Travel portals and classifieds (like job search and matrimony), however, have laid the basic foundation of e-commerce, in India. As people started using them, their fear about security and possible fraud in online shopping have largely dwindled. Says sulekha.com CEO and Founder Satya Prabhakar, “Buying tickets online has given people confidence that it is absolutely safe

and worthwhile to go online for shopping. The 'no-questions-asked' return policy in many portals also helped creating the ecosystem.”

- [Cash on Delivery](#) as a preferred payment method. India has a vibrant cash economy as a result of which 80% of Indian e-commerce tends to be Cash on Delivery.
- [Direct Imports](#) constitute a large component of online sales. Demand for international consumer products (including [long-tail](#)) [is growing much faster than in-country supply from authorised distributors and e-commerce offerings.](#)
- 360 e-commerce portals in India: More than FDI- local retailers will face threat from online shopping formats if they do not innovate and adapt the e-Retail format.
- 3296 cities in India have access to e-Retail portals and deliverables
- 2Mn products across 2,000 categories available online

India's potential for e-commerce is immense overcoming its challenges will be incredibly rewarded.

EVOLUTION OF E-TAILING IN INDIA

1995: Ebay is an American multinational internet consumer to consumer corporation; headquartered in San Jose, California founded in 1995. ebay inc. acquired Skype in 2005. On April 18, 2012, ebay reported a 29% Q1 revenue increase to \$3.3bn compared to their Q1 in 2011. EBay is one of India's leading online marketplaces. It is an online marketplace where anyone can trade practically anything. It is a platform for the sale of goods and services by a diverse community of individuals and businesses. eBay users trade in more than 50,000 categories including collectibles, antiques, sports memorabilia, computers, IT and office, art, antiques, toys, dolls, stamps, comics, magazines, music, pottery, glass, photography, electronics, jewellery and gemstones, claims the company.

1996: Indiamart.com started in 1996 and is the oldest and the largest online B2B marketplace in India. It recovered its initial costs in the very first year of its operation and has registered a remarkable growth over years. Indiamart attracts 1.6mn daily visitors with over 9.3mn daily page reviews. It was also termed as India's largest B2B marketplace with 60% market share by IAMAI.

1996: Rediff.com is a news, information, entertainment and shopping portal founded in 1996. as of Feb. 2011, it ranked 146 on alexa. rediff.com was the first website domain name registered in India in 1996. on Sept 14, 2012, rediff launched its android app for Rediff News.

1996: Network 19 was incorporated as a private ltd. Co. on 16 Feb, 1996.in 2006; it was converted to a public Ltd. Co. Some of the most popular internet offerings include moneycontrol.com,firstpost.com,bookmyshow.com,commoditiescontrol.com,homeshop18.com,compareindia.com etc.

1998: Sify technologies started its B2C portal targeting growing internet user base. It is an Indian broadband internet provider. However, Sify has found it difficult to grow.

1999:Indiaplaza.in launched a niche portal for selling music CDs initially.They have, however,expanded their segment to books,movies,watches,groceries etc in 2000.Indiaplaza.in sells thousands of products to over 1.5mn customers worldwide. Indiaplaza, now one of the top 10 e-com companies in the country, has been around for nearly a decade and re-invented its business model to become a pure play e-retailer. One of the major reasons why e-com has grown very fast in the last 2 to 3 years

2007: Futuregroup started its online shopping portal futurbazaar.com in 2007 partnered by Big bazaar.

2007:It was founded in 2007 and focused on online sales of books initially but later expanded to electronic goods and a variety of other products.Flipkart projects its sales to reach US \$10 billion by year 2014.on an average,Flipkart sells nearly 20 products per minute and is aiming at generating revenue of around Rs50 billion by 2015.

2009: Fashion and You was founded by Harish Bahl in November, 2009. Fashion and You is an invitation-only online destination. It features the best International & Indian designer brands in luxury, hi-fashion and lifestyle experiences for men, women, children and home.

2010: Snapdeal was launched in early 2010.snapdeal is the most successful daily deals website in India. It is growing by 40% to 50% every month and have more than 400 employees establishing its presence in 50 cities as of may 2011.

2010: Delhi based MyGrahak.com is an online grocery store launched in December of 2010. It offers a wide variety of products such as FMCG, Food, Non Food, Grocery, Rice, Gourmets and others. Attractive offers are also available for shopping online at MyGrahak.com.

2012:Amazon.com,the world's leading online firm is also making plans to setup operations in India.

SCOPE FOR VENTURE CAPITALISTS IN E-RETAIL

Venture capitalists assume a great potential in the E-retail business and are ready with a bag full of money to be invested in e-retail business. We have many examples with us. Worth to be mentioned is the case of India's largest retail e-com co., Flipkart.com which recently raised \$20 million in its third round of funding from a venture capital (VC), valuing it in excess of Rs 1,000 crore. Though the company has already raised \$31 million, there are rumors that a very large VC fund is planning to invest another \$150 million in the company raising its valuations to \$1 billion or Rs 5,000 crore. In one of the biggest fund raising, [Flipkart.com, in August 2012, raised about](#) (US\$18 million) investment by [Accel Partners](#).

Then there are others like Myntra.com which raised \$40 million, Indiaplaza that raised \$8 million so far, and daily deals site Snapdeal.com's parent Jasper Infotech that recently raised \$40 million from VCs. Even global majors like eBay.com (entered six years ago) and Amazon.com are present in the Indian space.

Large Indian off-line groups like Future and Times of India are also in the fray. It is estimated that even after investing \$300 million in the Indian retail e-com space, VCs are looking out for more exciting ideas with a bagful of money. It is estimated that around 20,000 deal transactions and 50,000 product transactions happen every day from the top 10 retail e-com sites.

Early stage venture funding company Accel Partners, which has invested in half-a-dozen e-com companies says. "We are very bullish on the future potential of the Indian retail e-com market. Buying online is catching up fast and all our funded companies are gaining traction as planned," said Accel Partners Partner Prashanth Prakash.

E-com survival: "All players are losing money now. For the e-commerce business to survive and make a turnaround, it is important to keep the fixed cost as low as possible. That's why we work on a lean and mean model," says Vaitheeswaran.

Thus, the right strategy that should be followed by e-com players is to start making money after first seven or eight years. One of the largest E-retailer Amazon.com came to a breakeven in around 8 yrs. Surely, e-com is a long-haul, volume-driven game and is not a cakewalk for small entrepreneurs. Large venture capitalists can, however, make profits if even two out of ten companies do survive. New concepts, innovations and getting the business model right will be the enablers and growth drivers. Ankur Warikoo, CEO of Groupon India, a daily deal site, points out that India has entered the second phase of e-commerce and online shopping with only serious players left in the fray now. Others,

both big and small, have either shut shop or have merged and consolidated. “The big churn has taken place and people have realised e-commerce is not child's play.”

Experts point out that young generation which is growing up with Google, LinkedIn, Facebook and shopping online for years, is taking care of things and will take the E-retail market to great heights. E-retail markets will grow at a much faster pace with an entire generation that has grown up with the Internet at home and school ready to spend online by 2015 or so.. This is in contrast to those who have made a transition to Internet and online way of doing things in their working life, having not been exposed to it while growing up.

Besides cashing in on the 'age' advantage, many e-commerce players are innovating in a way that would benefit both the consumer as well as the company. Payment, delivery of products, stocking and warehouse management are among the areas where new ideas and concepts are making inroads. HomeShop, for instance, is encouraging consumers to use credit and debit card, rather than cash upon delivery of products in many big cities. The shopper gets an additional discount if he/she pays by card, says Jayakumar. Some other online players like Flipkart and Jabong are also bringing swipe machines to the doorstep of the customer, though not across the country yet.

Wide use of cash is seen as a major roadblock in e-commerce and big players are trying to change that. In India, just about 30 per cent online shoppers are using cards, whether before or after delivery of products. Around 70 per cent of online shoppers are still paying cash on delivery. In US, over 95 per cent online shoppers are paying through cards.

GOVERNMENT REGULATIONS IN E-RETAIL

For the growth e-commerce, Indian government is taking necessary steps through effective Telecom policies, introduced Information Technology IT ACT to create necessary legal and administrative framework. To build the confidence among common public to increase online business, The CCA (Controller of Certifying Authority) has created PKI (Public Key Infrastructure) i.e. for electronic authentication via digital signatures. This will avoid cyber space crimes and don't let anybody unpunished. To increase the use of internet, our government has taken various steps to reduce cost and offer attractive plans for corporate and end users with high speed communication services getting increased day by day based on the demand. This will drive e-commerce transactions to huge growth in e-Retailing sector. For goods or services delivered still there are few confusions in customs duty, State and central sales tax, VAT, excise etc., This has to be clearly spell out by the government. To make e-commerce successful on regional level, we require mutual trust worthy environment. All the countries

are having independent and separate Legal Framework in place. To enable mutual recognition of various countries Legal Framework, an International Legal Framework is necessary. Electronic commerce security planning and management calls for identification of the users, better risk assessment and evaluation, application specific security identification, better and appropriate network security policies, information resources protection, better security management policies, retransformation and re-skilling human resources in terms of identifying roles and responsibilities and improving physical and environmental security. The trans-border data flow also cause serious concerns about authorization control, better audit trails, the country's legal laws and secure technology restrictions for developing nations, calls for supporting e-laws, better consumer education, better network management, cooperative regional and multilateral agreements between nations. The delivery mechanisms and transportation should be tuned with appropriate modernization of clearing services of goods and products within and across the nations. Other difficulties associated with the IT Act relate to the cyber crimes which are not fully covered are an area of concern for the growth of e-commerce. In this context it is also argued that Law Enforcement Agencies are not fully equipped and trained to deal in cyber crimes. Safeguards to protect privacy of personal and business data collected over the Internet are not covered under the Act. Also the IT Act is silent on the issue of protection of intellectual rights (patents, trademarks, copyrights) including domain names. Finally, payment gateways have to evolve to a level that inter-bank settlement should be enabled through Real Time Gross Settlement (RTGS). These are some of the barriers that have been identified and have to be overcome, in addition to achieving higher Internet and PC penetration, for the growth of e-commerce. Despite all these economical, political and social situations, Indian E-Retail Sector is growing and becoming huge.

CONCLUSION

Young generation is always looking for new and unique ways of shopping. India's retail sector is growing at a fast pace and has a great potential for employment opportunities. But the task of retaining loyal e-customers is very hard because of low predictability and intense competition.

To retain, a mix of marketing tools such as public relations, advertising, promotions, direct marketing and Internet advertising should be used. Customer loyalty programs should be initiated. E-retailers must focus on technologically competent customers and must offer them a convenient and secure shopping experience. They must also provide reluctant consumers with compelling reasons for accepting the Internet as a new way to shop. Some of these reasons might include the use of consumer assurance brands and enhanced levels of convenience, customization, selections, service and pricing.

In a nutshell, the main suggestions of e-tailing business in India are:

(i) Customer care should be a top priority as with leading online companies. Online customers are more aware, more sensitive and therefore more difficult to retain.

(ii) The industry should ensure that customers must feel safe and secure while transacting online.

(iii) The next level of innovation will be in the backend, according to Groupon's Warikoo. There could be players who would come up and offer backend solutions, create warehouse and stock every e-commerce player's products. Such a model would result in economies of scale and efficiencies, leaving the online companies to focus on their core job of marketing and selling products, he says.

e.g.: 'Chhotu' is one such enterprise — focused on the delivery system for e-commerce companies. Started in 2011, it also has a proprietary real time shipment tracking system. Then, there are others such as 'Delhivery' providing flexible logistics solutions to e-commerce companies, including last-mile delivery, warehousing and payment collection.

(iv) New concepts, such as the recent Cyber Monday shopping festival, can help too. Organised for the first time the past week in India, Cyber Monday is a popular concept in the West and is held on the first Monday after Thanksgiving. While Google was the platform provider, 50 e-commerce companies ranging from products and travel to classified sites participated in the festival. Many of the companies reported brisk sales and stock got exhausted within hours of the festival taking off. Google said that, this was the first time, when an industry wide initiative of this scale was undertaken to offer users an incentive to gain from deals that they can find on the web on a single day.^[14]

According to Sirdeshmukh, it won't be wrong to say that e-commerce companies in India will now make profits at a faster pace. The larger online base size and an increasing number of people finding e-shopping a viable option to buy things are among the reasons why e-commerce is likely to succeed from now on. While the fundamentals for online retail growth are strong in India, brand accessibility on the Net has also played a critical role, points out Sirdeshmukh. While many of the big brands are not available in smaller towns, e-commerce removes any such gap.

E-tailing however has different dynamics than brick and mortar retail, hence retailers will need to focus on integrating the channels through right assortment, pricing and execution to avoid cannibalization of physical store sales and productivity.

Despite the challenges faced, e-tailing is here to stay and for brick and mortar retailers it is increasingly becoming important to adopt and integrate this channel in their sales strategy – this opportunity of today may become a necessity tomorrow.

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Aspects of India's Economy: 'Growth' and the Condition of the People

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ABSTRACT

Having detailed the serious impediments in the path of economic development and factors for the constant poverty of under developed countries, one logical question arises automatically as to what are the factors governing economic development of a country? In simple words, the answer to this very question implies that stupendous efforts should be made to remove the bottlenecks of underdevelopment or strongly defeat the forces of stagnation. As the process of economic growth is a continuous process, it needs to create chain reactions of such forces which may set in motion the process of income generating in the economy. This gigantic task of economic development, therefore, can be influenced by a groups of factors-economic, social, political, technological and administrative etc. In recent years underdeveloped countries have made concerted attempts to develop with the objective of narrowing down the gap that presently exists between them and the developed countries. In this research paper an analysis has been made to understand the various aspects of India's economy, growth and the condition of the people.

Keywords:- Macro Economic Variables, Economic Development, Indian Economy

1. INTRODUCTION

India's economy grew by just 7.8 per cent in the fourth quarter ending March this year, mainly due to poor performance of the manufacturing sector, as against 9.4 per cent in the same three-month period of the previous fiscal. However, economic growth, as measured by the Gross Domestic Product, improved to 8.5 per cent in 2010-11 from 8 per cent in 2009-10 due to better farm output and construction activities and financial services performance.

Meanwhile, the GDP growth figures for the first and third quarters of FY'11 have been revised upward. While the GDP growth figure for Quarter 1 has been pegged at 9.3 per cent -- as against the earlier estimate of 8.9 per cent -- the Q3 GDP growth has been revised upward to 8.3 per cent from 8.2 per cent. During the quarter ending March 31 this year, growth in the manufacturing sector slowed down to 5.5 per cent from 15.2 per cent in the same quarter of 2009-10. In addition, the mining and quarrying sector

grew by only 1.7 per cent during the quarter under review, as against 8.9 per cent in the fourth quarter of the previous fiscal. Furthermore, the trade, hotels, transport and communications segment grew by 9.3 per cent in the March quarter this year, as against 13.7 per cent expansion in the same the period of 2010. JPMorgan said that GDP numbers were below expectations and global growth will slowdown in next few quarters.

However, services including banking and insurance grew by 9 per cent in the March quarter this year, compared to 6.3 per cent in the corresponding period last year. Farm output showed tremendous improvement, growing at 7.5 per cent during the quarter under review, compared to a meagre 1.1 per cent in the same three-month period last year. Though economic expansion slowed down in the fourth quarter, overall GDP growth touched the 8.5 per cent mark in 2010-11, as against 8 per cent in 2009-10, due the smart recovery in farm output. The agriculture and allied sectors grew by 6.6 per cent during the fiscal, as against a meagre 0.4 per cent in the previous year. The growth of services, including banking and insurance, improved to 9.9 per cent in 2010-11 from 9.2 per cent in the previous fiscal. The trade, hotels, transport and communication segment grew by 10.3 per cent in FY'11, as against 9.7 per cent last fiscal, while growth of the construction sector stood at 8.1 per cent, as against 7 per cent in the previous financial year.

However manufacturing sector growth slowed down to 8.3 per cent in the 2010-11 financial year from 8.8 per cent in 2009-10. Growth of the mining and quarrying sector also slowed to 5.8 per cent in 2010-11 from 6.9 per cent in 2009-10. The electricity, gas and water supply segment grew by 5.7 per cent last fiscal, compared to 6.4 per cent in 2009-10. India's economy is still clocking robust growth, second only to neighbouring China among major economies, as domestic demand continues to grow on the back of rising income. Economists and government officials have recently revised downward their expectations for the current financial year, citing rising crude oil and other commodity prices and doubts about economic recovery in developed nations. Prime Minister Manmohan Singh said at the weekend he was confident that India would achieve 8.5 percent growth this year, helped by expectations of a normal monsoon which is crucial to economic expansion. Referring to agriculture situation and its impact on inflation, PM said, "Whatever evidence we have, we expect a normal monsoon. And if the monsoon is normal, it will strengthen our ability to control food inflation". The headline inflation was 8.66 per cent in April, much higher than the Reserve Bank's comfort level of 5-6 per cent. Industrial output grew an annual 7.3 per cent in March, smashing forecasts on the back of a revival in capital goods production. Services sector gained momentum in April, with strong growth in new business orders, a HSBC survey showed early this month. Manufacturing sector maintained its strong rate of expansion in April, helped by higher output and employment, the latest purchasing managers' index (PMI) data showed. On oil

prices, PM said, "There are problems with regards to the burden of oil subsidies. They have to be tackled and all these issues will be claiming our attention in weeks and months to come".

Although the oil marketing companies have raised the petrol rates in view of spiralling prices in the international market, the government is yet to take a view on diesel prices. A decision on raising diesel price is likely to be taken by the Empowered Group of Minister (EGOM) headed by Finance Minister Pranab Mukherjee in the second week of June. India imports about 75 per cent of its total crude oil requirement.

The economic development in India followed socialist-inspired policies for most of its independent history, including state-ownership of many sectors; extensive regulation and red tape known as "Licence Raj"; and isolation from the world economy. India's per capita income increased at only around 1% annualized rate in the three decades after Independence.[1] Since the mid-1980s, India has slowly opened up its markets through economic liberalization. After more fundamental reforms since 1991 and their renewal in the 2000s, India has progressed towards a free market economy. In the late 2000s, India's growth has reached 7.5%, which will double the average income in a decade. Analysts say that if India pushed more fundamental market reforms, it could sustain the rate and even reach the government's 2011 target of 10%.[1] States have large responsibilities over their economies. The annualized 1999–2008 growth rates for Gujarat (9.6%), Haryana (9.1%), or Delhi (8.9%) were significantly higher than for Bihar (5.1%), Uttar Pradesh (4.4%), or Madhya Pradesh (6.5%). India is the ninth-largest economy in the world and the fourth largest by purchasing power parity adjusted exchange rates (PPP). On per capita basis, it ranks 128th in the world or 118th by PPP. The economic growth has been driven by the expansion of services that have been growing consistently faster than other sectors. It is argued that the pattern of Indian development has been a specific one and that the country may be able to skip the intermediate industrialization-led phase in the transformation of its economic structure. Serious concerns have been raised about the jobless nature of the economic growth. Favourable macroeconomic performance has been a necessary but not sufficient condition for the significant reduction of poverty among the Indian population. The rate of poverty decline has not been higher in the post-reform period (since 1991). The improvements in some other non-economic dimensions of social development have been even less favourable. The most pronounced example is an exceptionally high and persistent level of child malnutrition (46% in 2005–6). The progress of economic reforms in India is followed closely. The World Bank suggests that the most important priorities are public sector reform, infrastructure, agricultural and rural development, removal of labor regulations, reforms in lagging states, and HIV/AIDS. For 2010, India ranked 133rd in Ease of Doing Business Index, which is setback as compared with China 89th and Brazil 129th. According to [Index of Economic](#)

Index of Economic Freedom World Ranking an annual survey on economic freedom of the nations, India ranks 124th as compared with China and Russia which ranks 140th and 143rd respectively in 2010.

Macroeconomic Performance in Post 1991 Years

Year	Real GDP Growth	Inflation Rate	Interest Rate	Unemployment No. in Millions	Money Supply Billions of Rs
1991	.96	8.9	17.88	36.3	1046.1
1992	2.3	13.7	18.92	36.75	1120.9
1993	1.5	10.1	16.25	36.27	1330.2
1994	5.9	8.4	14.75	36.69	1695.0
1995	7.3	10.9	15.46	36.74	1883.5
1996	7.3	7.7	15.96	37.43	2148.9
1997	7.8	6.4	13.83	39.14	2419.3
1998	6.5	4.8	13.54	40.01	2703.5
1999	6.5	6.9	12.54	40.37	3161.2
2000	6.1	3.3	12.29	40.34	3495.9
2001	4.0	7.1	12.08	41.99	3846.0
2002	6.2	4.7	11.92	42.36	4318.6
2003	5.5	5.1	11.50	43.10	4822.3
2004	8.0	4.5	10.60	42.50	5402.3

Source:- International Financial Statistics Yearbook,

In 1994 while the real GDP increased by 5.9%, the inflation rate declined from 13.7% in 1992 to 8.4%. While the interest was still very high, it had some downward pressure. The official unemployment number was very high (36.69 million) but it remained steady, a mild achievement in an increasing population. But as it is evident for several years, the Indian unemployment is beyond the reported figures of unemployed labor. It consists of heavy under-employment, it is marred by extreme poverty partly due to illiteracy. The so called “full-time employment” in India is concentrated mainly in urban

sector with very limited industrialization in rural or semi-rural areas of extreme backwardness. Added to those problems are the imperfections of labor market, the complications in collecting the data, the Indian labor employment (or unemployment) is as hard to report as its population survey results. But these imperfections notwithstanding, the economic growth in 1990s looks impressive, it does not matter how one calculates it. It appeared that policy makers by 1995 were convinced that globalization is what is needed for faster economic growth. Success sometimes breeds upon itself, and policy makers usually are fast learners especially when political benefits are high. However the growth of 1994-1997 was not perfectly matched by accelerated growth in 1997-2000 period. As Chitre (2003) points out, this sluggishness was due to the slow growth in agricultural sector, not because of industrial slowdown. The international trade as witnessed in Table 3 did not perform poorly either.

Better monsoons of years 2000 to 2004 helped not only the agricultural sector grow faster but also the manufacturing, trade and services sectors moved admirably. In 2004 it became official that Indian economy was second fastest growing in the world, second only to the Chinese economy. In fact, the Chinese economy's growth is also primarily explained by her newly found affection for openness. The Indian economy, much like the world economy, went through technological change. While the computer mega cities such as Bangalore (that now has 1500 foreign company offices), Hyderabad and Pune grew at an unprecedented rates, the repercussions of this industrial growth was felt in many of the adjacent rural areas. In fact in April 2005, it was confirmed that India officially achieved 8 percent growth in 2004 (Times of India, April 28, 2005).

Economic Prospect for Year 2010 -

It's almost a decade since we entered into the 2000s. Economic growth in these years wasn't so impressive for the western economies. It proves to be one of the worst economic periods for those economies. Indeed, the so-called fastest growing economies (such as India, Brazil, China, Mexico, Russia, and Indonesia) have seen an unprecedented economic expansion because, the eastern economies were the producers and the western economies were the consumer and the same trend would likely to continue as the companies, nowadays, are more conscious about the cost. Rising input cost (or raw material) are forcing the corporations in the industrialized economies to shift their focus on the cost-effective region to keep up the pricing competitiveness in the specific industry, they are in. Change in consumer trend is also major concern for the companies to invest more in the process of innovation, research and development (R&D).

As the economic pace is picking up, global commodity prices have staged a comeback from lows and global trade has also seen a decent growth over the last two years. Unprecedented Government intervention and exceptionally large interest rate cuts by the central bank in advanced and emerging economies have contributed a lot to pull the global economy up from the deepest recession since the World War II. Several Governments around the world launched the stimulus packages to prop up the economic growth, generate employment opportunities and the overall economic growth with the aim to reduce uncertainty in the economy and increased confidence.

Global economy is seems to be expanding after a recent shock. Indian Economy, however just felt the blow of the global economic recession and the real economic growth have seen a sharp fall followed by the lower exports, capital outflow and corporate restructuring. It is expected that the global economies continue to stay strong in the short-term as the effect of stimulus is still strong and the tax cuts are working. Due to strong position of liquidity in the market, large corporations now have access to capital in corporate credit markets.

India's Economic Outlook Projection					
Year	2007	2008	2009	2010	
GDP Growth	9.40%	7.30%	7.60%	8.30%	
CPI	6.40%	9.30%	5.50%	4.90%	

Source: [VMW Analytic Services](#)

Year 2009 has started on the gloomy note, however the trend reversed from the first quarter of the year, financial markets posted strong gains fueled by huge amount of capital inflows which was set-aside during the economic downturn in search of a higher yield. Number of companies jumped into the equity markets to raise funds to de-leverage themselves, corporate risk have declined. Before the beginning of the economic recession, several companies betted on the better economic future and blindly raised funds thru various options (largely in a way of debt). Real Estate was the hardest hit industry during the recession. Many companies even offloaded their huge amount of stake, in order to meet the deadline to pay-off the short-term debt. Not only the realty companies which has faced that situation, actually many Small & Medium Enterprises (SMEs) have opted that option to expand themselves aggressively and routed out of the business. As the new year begins, the new wave of optimism has surrounded the economies to expand further from the recent shock, with the expectations of fresh stimulus package, shrink in unemployment rate, expectations of the high inflation, higher interest rates in the emerging

economies. Over the next few months, inflation would be a worrisome for the economies. According to the estimates, inflation would likely to reach up to 10%, resulted, the expectations of the monetary policy tightening from the Reserve Bank of India in the second quarter review of monetary policy. Asian economies – Chinese economy in particular, along with India are in the strongest place for a sustained recovery. There are increasing signs of a recovery in a private domestic demand.

Inflation Direction -

Since the global economies are emerging from the lows, in a short run, inflation is expected to rise due to bounce back in demand for commodities. Although, the underlying inflation are still on the downside. Higher unemployment rate in the west will lead to low wage growth and pricing power would be limited for a long time as demand will be very vulnerable to price rises. But, India would buck the trend in inflation due to ample amount of liquidity in the system and rising demand.

India Economy 2010 Overview -

In order to keep the economic growth during the time of worst recession, Federal authorities in India has announced the stimulus packages to prop-up the economic growth. To finance the stimulus packages, Indian Government has raised over \$100 billion over the last four quarters in a way to finance the stimulus package. Country's Public debt, according to the latest data has zoomed to over 50% of the total GDP and India's Central bank, Reserve Bank of India has started printing new currency notes.

Central Government Debt			
in Rs. Crores (10 Million)	Q3 2008	Q3 2009	% of GDP
Public Debt (Sum of 1 and 2)	2,099,286.23	2,505,450.74	50.71%
1. External Debt	237,351.77	294,941.67	
2. Internal Debt	1,861,934.46	2,210,509.07	

Source: VMW Analytic Services

Going forward, India will see sharp rise in supply side inflation, after the effect of large government borrowings, printing of new currency notes, rise in food prices due to huge gap in demand-supply. Interest rates will also expected to rise awkward, as the central bank will take precautionary measure to contain inflation rate and expanding money supply.

Important highlights of Economic Outlook 2011-12

India's GDP growth rate for 2011-12 at 8.2% as compared to 8.5% registered last year. Given the current adverse global circumstances and high Inflation to boot, expected growth rate of 8.2% looks quite good!

- Agriculture grew at 6.6% in 2010-11. This year's monsoon is projected to be in the range of 90 to 96 per cent, based on which Agriculture sector is pegged to grow at 3.0% in 2011-12!
- Industry grew at 7.9% in 2010-11. Projected to grow at 7.1% in 2011-12
- Services grew at 9.4% in 2009-10. Projected to grow at 10.0% in 2011-12
- Investment rate projected at 36.4% in 2010-11 and 36.7% in 2011-12
- Domestic savings rate as ratio of GDP projected at 33.8% in 2010-11 & 34.0% in 2011-12
- Current Account deficit is \$44.3 billion (2.6% of GDP) in 2010-11 and projected at \$54.0 billion (2.7% of GDP) in 2011-12
- Merchandise trade deficit is \$ 130.5 billion or 7.59% of the GDP in 2010-11 and projected at \$154.0 billion or 7.7% of GDP in 2011-12
- Invisibles trade surplus is \$ 86.2 billion or 5.0% of the GDP in 2010-11 and projected at \$100.0 billion or 5.0% in 2011-12
- Capital flows at \$61.9 billion in 2010-11 and projected at \$72.0 billion in 2011-12
- FDI inflows projected at \$35 billion in 2011/12 against the level of \$23.4 billion in 2010-11
- FII inflows projected to be \$14 billion which is less than half that of the last year i.e \$30.3 billion
- Accretion to reserves was \$15.2 billion in 2010-11. Projected at \$18.0 billion in 2011-12
- Inflation rate would continue to be at 9 per cent in the month of July-October 2011. There will be some relief starting from November and will decline to 6.5% in March 2012.

CONCLUSION

As far as the Indian economy is concerned, is suffering from huge debt to GDP ratio, moreover India is the largest net importer of commodities like Oil, Food, metal in relation to the GDP. Sharp decline in oil prices, could cut the subsidy burden and those savings would be use for the fiscal stimulus. Increased and better expenditure with greater focus on improved outcomes in social and physical infrastructure, and safety nets will speed up the recovery consistent with the long-term growth.

Main finding of this paper is that India's economic growth has received a strong impetus in post 1991 era. This increased economic growth is mainly and directly is a result of country's better monsoons and

the free trade movement that started in that year. All of us have seen an unprecedented government intervention during the economic recession by way of announcing huge amount of stimulus package for the economy to prop-up domestic demand. With many recovery tools were used during the crisis, government deficits are in deep red and central bank rates are almost zero in certain countries and the prospect of zero rates over a longer period and deflationary concerns will probably gain the upper hand and send bond yields lower. Hence, there is a low scope of further announcement.

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