A STUDY OF E-COMMERCE WITH SPECIAL REFERENCE TO INDIAN RAILWAY

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ABSTRACT

Online buying and online purchasing of services and products has now become the newest trend in the web industry. It is commonly known as E-Commerce. Many business owners whether small business or large business are indulging in this kind of industry. For they find it cost-effective and convenient for possible consumers who are highly active in surfing the internet.

Even Indian Railway the largest employment generation sector of India is also contributing a lot in E-Commerce, or we can say it is the largest contributor to India's e-commerce. With the Indian Railway Catering and Tourism Corporation pushing electronic booking of tickets and scores of online travel portals entering the business, the share of tickets sold online in the total ticket revenues of the railways is increasing day by day.

Keywords: E-Commerce, Indian Railway, IRCTC, Cost-effective

Introduction-

For developing countries like India, e-commerce offers considerable opportunity. E-commerce in India is still in nascent stage, but even the most-pessimistic projections indicate a boom. It is believed that low cost of personal computers, a growing installed base for Internet use, and an increasingly competitive Internet Service Provider (ISP) market will help fuel e-commerce growth in Asia's second most populous nation. Indian middle class of 288 million people is equal to the entire U.S. consumer base. This makes India a real attractive market for e-commerce. To make a successful e-commerce transaction both the payment and delivery services must be made efficient. There has been a rise in the number of companies' taking up e-commerce in the recent past. Major Indian portal sites have also shifted towards e-commerce instead of depending on advertising revenue. Many sites are now selling a diverse range of products and services from flowers, greeting cards, and movie tickets to groceries, electronic gadgets, and computers. With stock exchanges coming online the time for true e-commerce in India has finally arrived. On the negative side there are many challenges faced by e-commerce sites in India. The relatively small credit card population and lack of uniform credit agencies create a variety of payment challenges unknown in India. Delivery of goods to consumer by couriers and postal services is not very reliable in smaller cities, towns and rural areas. However, many Indian Banks have put the Internet banking facilities. The speed post and courier system has also improved tremendously in recent years. Modern computer technology like secured socket layer (SSL) helps to protect against payment fraud, and to share

information with suppliers and business partners. With further improvement in payment and delivery system it is expected that India will soon become a major player in the e-commerce market.
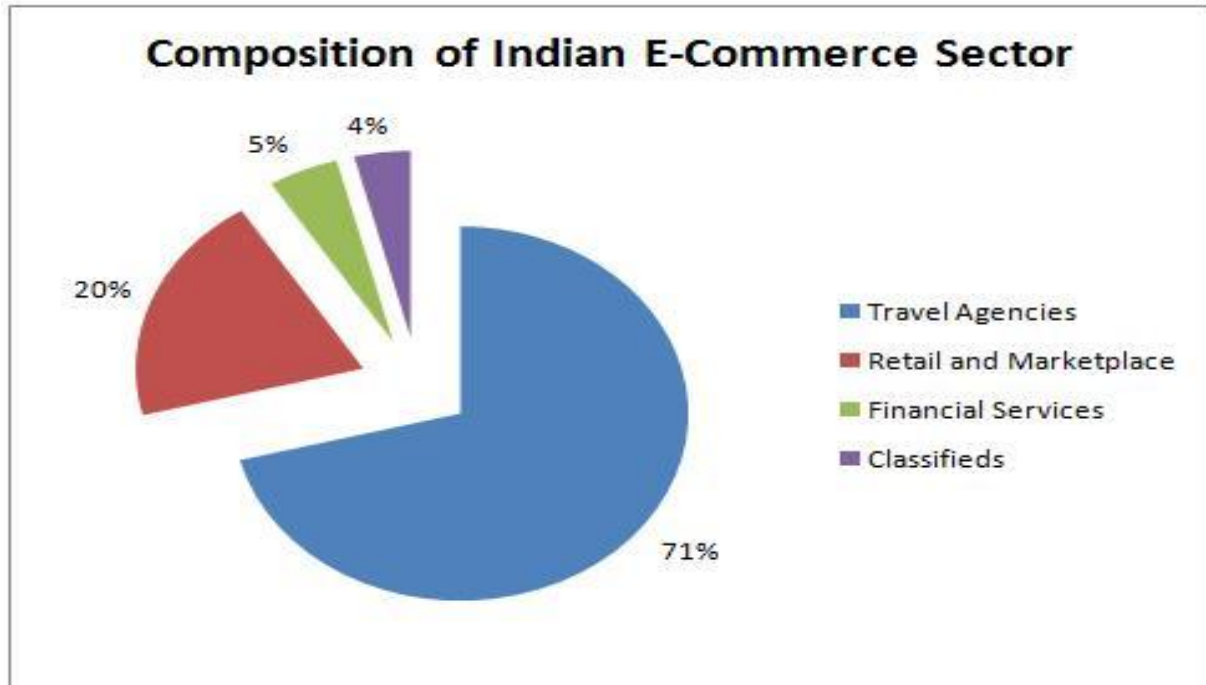

Exhibit 1 Growth Forecast for online retailing and marketplaces in India Source: Dinodia Capital Advisors

Growth of e-commerce

During the year 2000-2001, two major Industry Associations produced separate reports on e-commerce in India. One was prepared by the National Committee on Ecommerce set up the Confederation of Indian Industry (CII), while the other was commissioned by the NASSCOM and prepared by the Boston Consulting Group. Both the reports are optimistic about the growth of e-commerce in India. The Confederation of Indian Industry (CII) report estimates the volume of e commerce to grow to Rs 500 billion (US$ 10.6 billion) in the year 2003. The *NASSCOM-BCG Report*, on the other hand, estimates for the same year that the total volume of ecommerce will be Rs 1,950 billion (US$ 41.5 billion). Amul, a milk cooperative, is successfully using ecommerce to deepen its brand loyalty. Likewise, corporate in the automotive sector are improving their customer relations through this medium. Some of the new names that are rediscovering e-commerce through new portals at relatively low capital cost, without venture capital funding include: Key 2 crorepati, Music Absolute, Gate 2 Biz. The low cost of the PC and the growing use of the Internet has shown the tremendous growth of Ecommerce in India, in the recent years. According to the Indian Ecommerce Report released by Internet and Mobile Association of India (IAMAI) and IMRB International, "The total online transactions in India was Rs. 9210 crores (approx $2.15 billion) in year 2007-2008. Although, as compared to the western countries, India is still in is its initial stage of development. E-Marketer forecasts that online sales will more than double by reaching $168.7 billion in 2013. E-Marketer forecasts that from 2006 to 2013 online travel sales will grow at a 24.8% annual rate, higher than the 23.3% rate for B2C e-commerce.

Chart: Growth in B2C e-commerce, 2013-2017 (source: eMarketer)
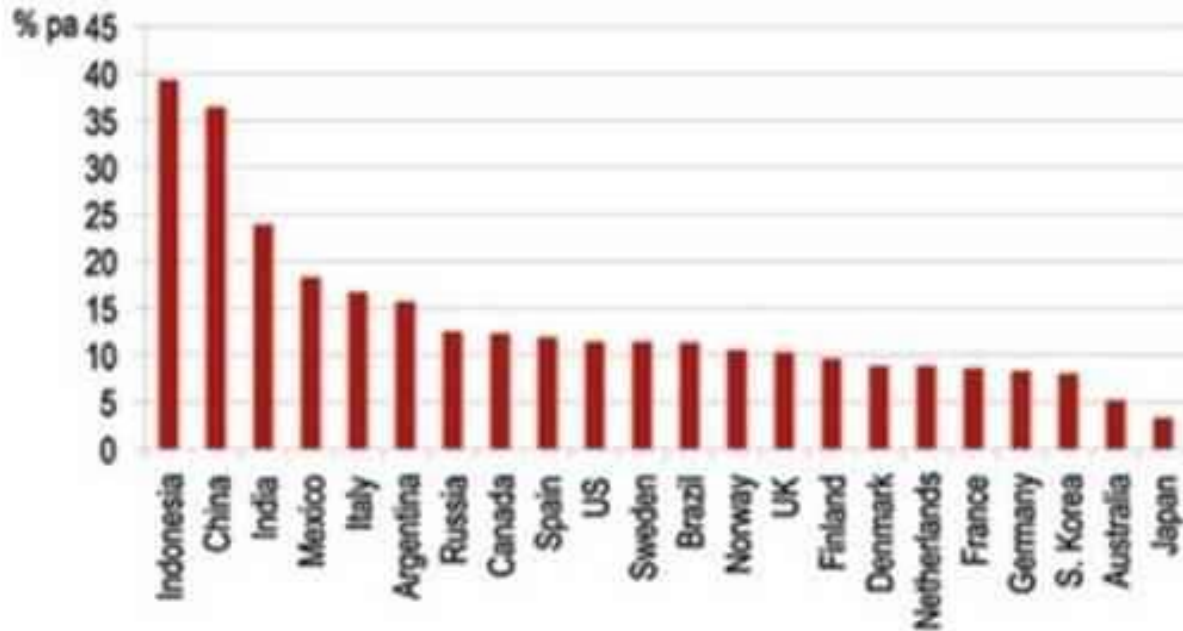
Future of E-Commerce in India

Today, we are talking about e-commerce progress level of India, the seventh-largest by geographical area, the second-most populous country, and the most populous democracy in the world. Indian e-commerce space percentage is getting higher as more and more online retailers enter the market. Although this level of entry in the e-commerce market is good from a long term perspective, the challenge is that most entrepreneurs don't have the resources or capital to wait for years before they can get profits .The past 2 years have seen a rise in the number of companies' embracing e-commerce technologies and the Internet in India. Most e-commerce sites have been targeted towards the NRI's with Gift delivery services, books, Audio and videocassettes etc. Major Indian portal sites have also shifted towards e-commerce instead of depending on advertising revenue. The web communities built around these portal sites with content have been effectively targeted to sell everything from event and movie tickets the grocery and computers. This is not to say that the e-commerce scenario has been bad in India as highly successful e-business like baba bazaar and India mart have proved. Indian Banks too have been very successful in adapting EC and EDI Technologies to provide customers with real time account status, transfer of funds between current and checking accounts, stop payment facilities. ICICI Bank, Global TRUST BANK AND UTI-Bank also have put their electronic banking over the internet facilities in place for the upcoming e-commerce market speed post also plan to clone the federal express story with online package status at any moment in time. The future does look very bright for e-commerce in India with even the stock exchanges coming online providing a online stock portfolio and status with a fifteen minute delay in prices. The day cannot be far when with RBI regulations will able to see stock transfer and sale over the Net with specialized services.

Objective of the Study

- To study IRCTC
- To know how to use E- Commerce by IRCTC.
- To study the various services provided by IRCTC by using E-commerce.

Research Methodology

Research is descriptive type. I have taken unit sample size of Indian Railway Catering and Tourism Corporation. Observation method is used for data collection and data is generally collected by various sources like Magazines, Journals, Books and Websites.

Indian Railway-IRCTC (Indian Railway Catering and Tourism Corporation)

Indian Railway Catering and Tourism Corporation Ltd. (IRCTC) is a Public Sector Enterprise under Ministry of Railways.   IRCTC was incorporated on 27th September, 1999 as an extended arm of the Indian Railways to upgrade, professionalize and manage the catering and hospitality services at stations, on trains and other locations and to promote domestic and international tourism through development of budget hotels, special tour packages, information & commercial publicity and global reservation systems.

While discharging its mandate, the Company has made a significant mark in its passenger-services oriented business lines like setting up of Food Plazas on Railway premises, 'Railneer', Rail Tour Packages and 'Internet Ticketing' bringing great deal of professionalism into the operations. In addition to above, IRCTC is managing on Board Catering Services in Rajdhani / Shatabdi / Duronto and Mail / Express Trains and Static Catering Units such as Refreshment Rooms, AVMs, Book Stalls, Milk Stalls, Ice Cream Stalls, Petha & Peda Stalls etc. across the Indian Railway Network.

ORGANIZATION STRUCTURE

Corporate Office of IRCTC is situated at New Delhi , which is headed by the Managing Director. Managing Director is being assisted by three Directors, Director(Catering Services), Director(Tourism & Marketing) and Director(Finance) and nine Group General Managers.

For smooth operations of the business across all over the country, five Zonal Offices are working at Delhi, Kolkata, Mumbai, Chennai & Secunderabad. South Zone Office is headed by Regional Director and all other Zonal Offices are headed by Group General Managers.   All Group General Managers have vast experience of working in Indian Railways. These Zonal Offices are assisted by ten Regional Offices at Lucknow , Chandigarh , Jaipur, Bhubneshwar, Guwahati, Patna , Bhopal , Ahemedabad, Bangalore and Ernakulam, which are headed by Chief Regional Managers / Regional Managers.

MANPOWER:

At present IRCTC have 6754 employees (as on 31st December, 2011) on its roll. The employees comprise of IRCTC Direct Employees, Deemed Deputation absorbees, Deemed Deputationists, deputationists and fixed term employees. For bringing professionalism in the work culture, IRCTC has recruited professionals in different field like HR, Tourism, Catering and Finance, through direct recruitment or campus recruitment.

FINANCIAL PERFORMANCE

During the year 2008-09, the Corporation achieved a total income of Rs. 618.77 Crores as compared to Rs. 527.66 Crores in 2007-08 thereby registering a growth of 17.30 %.   The increase was achieved in spite of the fact that bed roll and cleaning business has been transferred back to Railways.   The major increase in the income in the year 2008-09 over previous year was achieved due to licensee catering (from Rs. 289.20 Crores to Rs. 341.02 Crores), quantum jump in internet ticketing (from Rs. 39.18 Crores to Rs.74.81 Crores) and tourism activities (from Rs. 9.72 Crores to Rs. 27.94 Crores).

The income of licence catering increased on account of higher number of units put on tender, efficient tendering system and increase in licence fee from static units. Quantum jump in internet ticketing was witnessed due to good marketing efforts, upgraded infrastructure and improved customer care. The growth in tourism business was achieved due to IRCTC's foray into educational tour business, tour package business take over of Bharat Darshan trains by IRCTC.

A net profit of Rs. 46.50 Crores was earned during 2008-09 as compared to Rs. 20.75 Crores in 2007-08 due to enhanced revenue and control on expenditure. An amount of Rs.30.00 Crore has been provided as Haulage Charges as was provided during the previous year. As at 31 st March 2012, the Reserves and Surplus of the Corporation stood at Rs.152.46 Crore.

MAIN BUSINESS ACTIVITIES

IRCTC's main business activities are :

   (i)   **On Board Catering Services and Static catering units on the Indian Railway Network:**

Hospitality Services covers on board catering services in the trains, catering services at stations through stalls, food plazas/fast food units & Automatic Vending Machines commissioned at A, B & C class of Railway stations.

IRCTC is managing currently 19 Rajdhani, 13 Shatabdi, 16 Jan Shatabdi, 6 Duronto Express , 9 Garib Raths, 205 Mail/Express trains and 118 trains have train side vending facility. The graphical representation of various types of trains is depicted below:
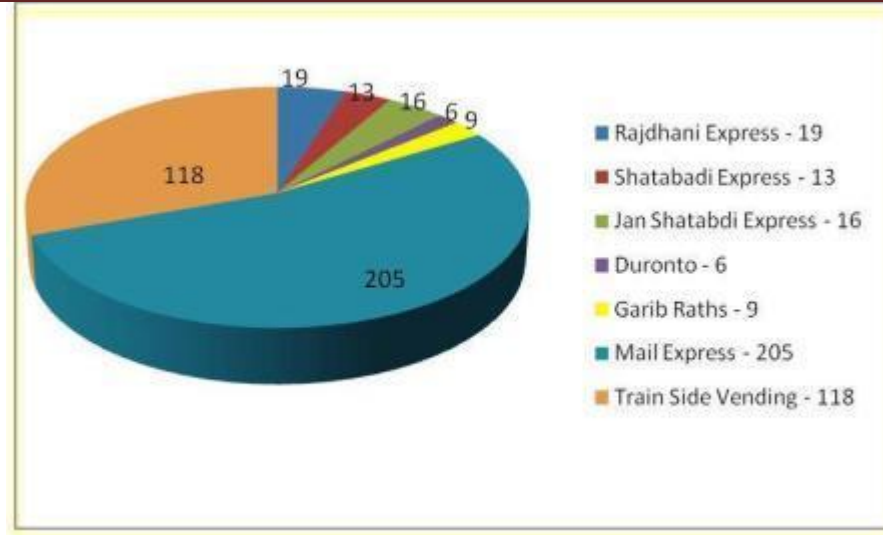
IRCTC has currently 53 Food Plazas, 13 Fast Food units and 1 Quick Service Food Kiosks, 677 Automated Vending Machine , 2950 Stalls, 3291 Trolleys & Khomchas , 698 Book Stalls, 249 Milk Stall & 7918 Static units spread over 1008 no. of Special A, A, B & C Category of Stations over Indian Railways network.

(ii)   Manufacturing Packaged Drinking Water for Indian Railway Passengers,

Two plants of Railneer packaged drinking water are operating at Nangloi (Delhi) and Danapur (Bihar).The capacity of the plants was increased from 5,500 cartons per day to 8,500 cartons per day during March, 2009 for Nangloi Plant and during December, 2009 of Danapur Plant.

(iii)   Managing the Departmental Catering units, taken over from Indian Railways.

Four Rajdhani trains and four mail/express trains were operational as on 31.3.09. Patna Rajdhani train was taken over under departmental operation from August 2008.   Total 518 stalls and 419 trolleys were under departmental operation during the year.

(iv)   Quality Control and Complaint Redressal System

To maintain quality of services onboard trains, IRCTC has set up control rooms at New Delhi , Mumbai, Kolkata, Chennai and Secunderabad. These Zonal Controls have been strengthened and equipped with phone, fax & PC with broadband connectivity, and are operational around the clock, seven days a week. Central Control office at New Delhi regularly coordinates with all the five zonal offices for effective monitoring of the complaints & catering activities.

(v)   Food Safety Audit

An improved understanding of the risk based approach and growing awareness about the impact of food safety on public health has led to make significant changes to their food control system in recent years.

Keeping in view the importance of food safety and other related issues of the food preparation and serving areas on static/mobile catering units, food safety & hygiene audit were performed against the criteria including cleaning and sanitation, food storage, personal hygiene, personal practices, presentation applicable to IRCTC and   infrastructure and pest control applicable to Railways.

(vi)   **Complaint Management System**

On-line Complaint Management System has been introduced to facilitate the passengers for lodging their online complaint by logging on our website at www.irctc.com . Complaint is sent directly to the concerned licensee for immediate submission of comments. A unique complaint number is allotted to the complainant for viewing the status by the complainant at any time. An auto-generated reply with the unique complaint number is sent to the complainant mail id. This system is also assessable with all the Zonal/Regional/Corporate Officers.

(vii)   **Pasting of Bi-Lingual Menu Stickers to arrest Overcharging**

In order to remove the menace of over-charging by the service provider in the Mail/Express trains, all India drives on pasting of menu stickers through Quality Control Professionals have been launched from time to time. The purpose of pasting the menu stickers in the coaches is to bring awareness among the passengers on quantity & rates of meal items of the standard menu as well as other relevant information like Toll Free Number for lodging their grievances/suggestions, standard rates of tea/coffee, Rail Neer etc.

(viii)   **Expansion of passenger ticketing and PRS network through Internet / modern technology based ticketing.**

IRCTC provides tickets to the public in the comforts of their home/residence instead of visiting the Railway Reservation Centers for booking.   The delivery of tickets is made either through the courier or a person can himself take the print out for travelling.

(ix)   **Managing all India Railway Enquiry Call Centre**

IRCTC is managing a Call Center for passenger enquiry. A customer can dial 139 from anywhere in the country and get all information from Call Center related to train timing, PNR confirmation, train routes and other relevant information related to Indian Railways.

(x)   **Running of Special Train,   Special Charters / Coach and promotion of Value added tours,**

FUTURE PLANS: Some of the initiatives planned for tourism, catering activities and Internet Ticketing are as under:

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Catering:

• Strategic tie ups: IRCTC is working towards tie ups in the areas of mobile catering, Rail Neer and product formation.

• Static Units: Streamlining of procurement process, standardization of services and automation in base kitchens is the focus area in   major static units.

• New Rail Neer Plants: For Southern Region, Rail Neer plant is being set up at Pulur near Chennai.   Tender has been awarded and   physical work for setting up building is in advance stage.   For Western region, architect and plant consultants have been appointed for Rail Neer plant at Ambernath near Mumbai.

• Modular Stalls: Replacement of all catering stalls with uniform design of modular stalls is proposed to be undertaken and M/s Jindal Steel is working on a prototype which will give longer life and aesthetic look.

• Cell Kitchens/Base Kitchens : Plans are to set up another 100 licensee cell kitchens.

• Food Plazas/Fast Food Units/Quick Service Food Kiosks**:** More than 20 food plazas, 20 Fast Food Units and 5 QSFK are in advance stage of planning.

• Food Courts: IRCTC is planning to develop food courts at stations with contemporary interior designs.

Tourism:

• Launching of a Luxury Tourist Train with pan India itineraries.

• Thrust of Educational Tour on All India basis.

• Further development of rail tour package business

• Strategic tie-ups for promoting tourism

• Comprehensive travel services to foreign tourists booking tickets on IRCTC website.

Internet Ticketing

• Modernization of IT infrastructure.

• Setting up of disaster recovery site.

IRCTC and New Phase of Railway Reservation

Launched in 2002, Indian Railway Catering and Tourism Corporation had booked merely 27 tickets on the first day of its commencement of e- ticketing service in the country. Now after 10 years of sparkling journey, it has emerged as a largest in the country with more than 4 lakhs booking per day in terms of online ticketing, leaving behind several high-profile e-commerce sites worldwide. IRCTC website comprises 45% of all visitors to travel websites in India and 19% of total Internet audience.

IRCTC's rapid growth in e-ticketing has been due to its interface and a very robust process set up for doing e-reservation which facilitates bookings for all types of credit cards, most major debit cards, cash cards facility and Net Banking facility. IRCTC ticketing services have continued to go from strength to strength ever since it came into the markets. It is handling over 40% of the reserved train accommodation of Indian Railways. Right after 2002, IRCTC has seen the number of tickets booked online double. And like the perfect start-up, IRCTC relied only on word-of-mouth publicity. In 2002 the number of tickets getting booked was 27,000 per day and in 2008 it went up to 40,000.

After 2008 it took a big jump. Number of tickets booked through IRCTC website during the year 2010-ll has gone up to 9.69 crore tickets as against 7.20 crore tickets booked during 2009-10. All the major banks in the country offered tie-ups by making available a link to their Internet banking system, which would allow purchase of railway tickets from IRCTC. It has come out as the fastest growing e-commerce site in the whole of the Asia-Pacific region in terms of online money transactions with online ticket selling around Rs. 10 crore a month.

Factors that contributed to the success of IRCTC

The IRCTC success story is undoubtedly an inspiration for the entire generation of e-commerce portals in India. However, behind this success story is a firmed up business plan as well as a near flawless execution till the recent past. Here are some of the reasons why IRCTC became a favorite of train travelers in India.

- **Economical** – In 2002, online booking was a new concept in India, majority of the populations were in awe of it. People in not just tier 2 and 3 towns were in for the shock of their lives to see tickets neatly tucked in envelopes for low service charge. (At Rs. 10/- per person for a booking of a family of 5, even the relatively lower classes did not mind paying for the convenience of tickets being delivered at the doorstep.) IRCTC hits the chord with its economical accessibility.
- **Quick and efficient connectivity** – It is notable to add that IRCTC's policy of awarding the delivery contract to only one courier company has been a masterstroke. It gives more control to IRCTC over delivery, with just a single channel of communication to take care of. The delivery happens within 24 hours in Delhi and Mumbai where tickets are printed. For other parts of the country, the upper limit is three days. At present, e- tickets Tickets are delivered in 102 cities across the country. Delhi and Mumbai account for the largest share of ticket sales (40 per cent each), and Chennai and Bangalore come next. One of the IRCTC e-selling tickets in places such as Silvasa, Banaras, Ranchi, Vapi and many other small towns.
- **Easy to navigate and user friendly web interface** – The website lays down all possible options, allows one to customize his or her train options based on start and end stations, desired dates, routes and possible fare classes. The interface also allows one to keep a record

of all past bookings, cancellations and upcoming trips. To provide a simple, easy to use interface that can support more than 40,000 unique visitors during peak hours and ensuring that every single ticket reaches the consumer in remote locations across the country is something that keeps them at top. Besides it offers the highly secure payment gateways with more than ten options of using credit and debit cards without any hassles.

Analysis and Interpretation

IRCTC simply provides convenience with an easy to use interface. It charges extra for it which makes it sustainable. Instead of going for a populist or subsidized schemes notorious with our government, **IRCTC has a sustainable business model**. Or else it could not **contribute 3400 crores to the total Indian e-Commerce pie of 9000 crores.** In the first 2 months of 2009 IRCTC sold 38.7 million tickets which is 104% more than what it sold in the whole of 2008. Part of the reason is the coming summer holiday reason. IRCTC has opened up the bookings 3 months before. But, the increase is quite drastic and there has to be more reasons than the holiday season.

IRCT also stood in the way of India's low-cost airline revolution. Air Deccan and others fought very hard to take passengers away from Indian Railways but the online bookings and other offers kept IRCTC and Indian Railways still the favorite.

Recommendations

1. IRCTC should try to enhance user friendly interface which should be more useful in handling all type of activities related to Indian Railway reservation
2. IRCTC should incorporate all properties (air, rail, etc) into one experience presently they are all different websites.
3. IRCTC should improve its connectivity in online booking of reservation because in peak hours it is very difficult to find reservation by IRCTC.

Conclusion

IRCTC is playing very important role in serving society. Now a days it is very easy to book your ticket by the help of IRCTC. Now its not a difficult task to book tickets standing in big ques. E-Commerce has proved its self as a boon in Indian Railway and day is not very far when people will think and tickets will be booked.

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